FINANCIAL TIMES

No. 27,361 · Monday September 19 1977 · **12p
هكذا من الأحمل

CONTINENTAL SELLING PRICES: AUSTRIA Sch.15; BELGIUM Fr.25; DENMARK Kr.3.5; FRANCE Fr.3.0; GERMANY DM2.0; ITALY L.500; NETHERLANDS Fl.2.0; NORWAY Kr.3.5; PORTUGAL Esc.20; SPAIN Ptas.40; SWEDEN Kr.3.25; SWITZERLAND Fr.2.0; EIRE 12p

NEWS SUMMARY

... rt ...rtial

...election campaign ...rday, but its most ... contender, Mr. ... former Prime ...s in jail awaiting ...litary Court.

...was seized by the ...turday night swoop ...in Larkana. He had ...or only four days ...granted bail by the ...n Lahore, where he ...ld for 10 days in ...ith inquiries into a ...der three years ago. ...he court martial is ...be swift, it seems ...minate Mr. Bhutto ...tions being held on .... The Pakistan ...ty is to discuss a ...acement to-day.

...nt

...iolence erupted and ...took place between ... and against Mr. ... man was reported ... three people were ...cluding a child by-...r, Pakistan National ...pponents of Mr. ...e into a hospital ...tabbed a wounded ...4

...oke out at a large ...ing at Rae Bareli, ...India, as political ...ttempted to disrupt ...ic meeting held by ...i, former Prime ...

...shelves ...ent plan

...hift of position Mr. ... Rhodesian Prime ...l he had decided to ...lan for an internal ...hile he waited to ... the Anglo-U.S. pro-...any headway. Com-...tions headquarters ...number of guerillas ...side Rhodesia had ...0 to about 3,600 in ...months. Page 4

...y try to ...giraffe

... at Marwell Park, ...Hants., last night ...ring using a block ...o winch up Victor, ...raffe who has been ...and since Wednes-...lan goes ahead, Vic-...placed in a padded ...pport.

...om NATO ...s meet

...Atlantic Treaty ...embly which annu-...together about 200 ...ians from 15 ...ers, began six days ...Paris amid charges ...d British military ...be detrimental to ...nces. Editorial com-...2

...rvices

...vices, held through-...frica for Mr. Steve ...ack protest leader, ...police detention last ...e attended by ... people in churches ...l white areas.

...U.S.) outsailed Aus-... the America's Cup

...ny faces bitter inter-...e over terrorism in ... the kidnapping of ...artin Schleyer. Page

...y has freed 90 politi-... and allowed them ...rder in return for ...n West Germany.

...an cricket joined a ...ve towards mixed ... republic with the ...f a non-racial con-...

...sts in Egypt's desert ... Egyptian Atomic ...mission survey re-...

BUSINESS

Threat seen in Arab cash

● **ARAB** oil-producing nations have built up short-term investments in the West totalling $50bn., which could be withdrawn in the event of a new Middle East flare-up, says a report by a U.S. Senate sub-committee.

Senator Frank Church, sub-committee chairman, has supported the report's claim that a combination of this weapon and a new oil embargo could cause a serious financial crisis. Back Page

● **ANTARCTIC** treaty nations, including Britain, will consider drawing up rules for possible commercial exploitation of the region's resources at a conference opening in London to-day. Back Page

● **BUILDING SOCIETIES** may decide on Friday to make another cut in their mortgage rates—the third this year. Back Page

● **PRODUCTION** will resume to-day at Scottish Timber Products' mill near Stirling, after workers agreed to the receiver's scheme to save some jobs temporarily. Efforts are being made to find a permanent solution to the company's difficulties. Page 29

Leyland warned of pay clash

● **LEYLAND** has placed itself on a collision course with the 20,000 workers at Longbridge over pay, according to a leading union official. Page 7. Leyland has taken another step towards re-organisation of its German sales company with the appointment of Mr. John Gardner as managing director. Page 5

● **FIAT'S** chances of winning a contract to build a big car plant in Algeria appear to be at risk, now that Renault and Volkswagen are renewing their efforts to secure the deal. Page 4. Fiat U.K. is launching a new warranty scheme for specially selected used cars. Page 6

● **BRITISH AIRWAYS** plans to make more use of Gatwick airport. In April, it will start scheduled services between Gatwick and five overseas cities—Copenhagen, Dublin, Dusseldorf, Frankfurt and Zurich. Page 6

● **ADVISORY** Conciliation and Arbitration Service says that if a union and employer agree to break the 12-month rule to settle a dispute, ACAS as conciliator will not stand in their way. Page 7

Retail group may expand

● **GROCERY** groups Spar, Mace and VG, which bring together about 10,000 small shopkeepers, are believed to be considering joining the Retail Consortium. The Consortium could then claim to represent the whole range of retailing in its talks with the Government. Back Page

● **CONSUMPTION** of dearer foods, including fruit juice, breakfast cereals, and honey, has recovered after a dip in their popularity over the last couple of years. At the same time, there is a trend away from cheaper foods such as white bread, porridge, syrup, sausages and chips, according to a survey. Page 6

● **BOAT BUILDING** industry is pressing the Government to reduce VAT on boats from its present 12½ per cent. to try to boost sales. Page 6

COMPANIES

● **DIRECTORS** of the U.S.-owned Commercial Credit Services Holdings will shortly discuss with the Bank of England their company's claim for about £3m. under warranties in connection with its purchase of Slater Walker Finance Corporation in 1975. Page 29

● **DR. DAN McDONALD** has sold his entire 9.5 per cent. stake in Wilmot Breeden (Holdings), largely to one "friendly" buyer. Page 26

FEATURES

... deal	12	Justinian	2
...ropean car	27		
...n machinery	28		

FT SURVEY

U.K. Banking	15-26

ON OTHER PAGES

....	31	Men and Matters ...	12	**ANNUAL STATEMENTS**	
....	3	Mining Notebook ...	27	Avana Group	29
....	8	Overseas News	4	Brit. Elec. Traction	32
....	26	Share Information...	36-37	Caledonian Trust ...	31
....	2	Sport	2	Hartebst Gold Mng.	30
...uide	30-31	The Technical Page	10	Louis Newmark	29
...Wld.	11	To-day's Events	25	Vibroplant Hldgs. ...	29
....	7	TV and Radio	2	Wheelock Marden ...	29
....	6 & 29	Unit Trusts	33	Chris. Moran Group	7
....	27	Weather	36		
...News	27	World Trade	5	**INTERIM STATEMENTS**	
....	7	World Econ. Ind. ...	27	Royal Dutch Petrlm.	28
....	12	Base Lending Rates	27	Sharna Ware	26
....	25	**PROSPECTUS**		Thomas Tilling........	26
....	36	Paterson Zochonis...	29	Tioxide Group	28
....	2				

For latest Share Index 'phone 01-246 8026

North Sea revenue may be used to boost industry

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A big campaign to encourage energy conservation and further schemes to stimulate industrial investment are among options on the medium-term uses of North Sea oil revenue being considered in Whitehall for inclusion in a discussion paper.

The Cabinet has not yet discussed the details of the document, which will probably appear in the form of a Green Paper in November.

At present, it looks likely that there will be a fairly general and simplified presentation of the alternative uses of the opportunity and, possibly, also a broad indication of the Government's own priorities.

In the early years, the emphasis is likely to be on a combination of debt repayment, energy conservation, easing inflationary pressures and running the economy at a higher level of activity.

In the medium-term, the emphasis may be more on reinforcing investment on the industrial base and on the replacement of existing energy resources before the oil runs out.

From the political point of view, the publication of the Green Paper allows the Government to offer the general hope that the economy can be permitted to grow for some time without a return to the stop-go cycle leading to a rise in living standards.

This was reflected in Friday's comment by Mr. Denis Healey, the Chancellor, that there was the prospect of a "generation of steady expansion ahead" provided the North Sea oil benefits are used "sensibly."

The joint Treasury and Department of Energy discussion paper was commissioned earlier this summer by the Prime Minister and work is now well advanced on preparing the draft by a team under Mr. Lawrence Airey, the Second Permanent Secretary at the Treasury responsible for the domestic economy.

The document will outline a number of ways of achieving the range of general objectives—reducing inflation, boosting investment, encouraging energy conservation and replacement and cutting unemployment. But it will not necessarily deal with any specific Government commitment to action on individual items.

Insulation

On energy conservation, for example, enormous immediate scope is seen for the increased insulation of buildings.

This might, however, involve changes to the structure of housing finance and rents to provide the right incentives for local authorities. The move would have the attraction of giving a large boost to the hard-pressed construction industry.

On investment, the discussion paper is likely to refer not only to the need for rising demand and profits as a general incentive, but also more specifically to the question, for example, of whether another £1bn. or so should be given to the National Enterprise Board.

Other methods include further selective assistance to encourage marginal investment on the lines of the accelerated project schemes, as in the foundry industry. The use of North Sea revenues to aid small businesses, probably via lower taxes, is also being considered as part of a wider Whitehall study of their problems.

There have been proposals for a special North Sea development fund. But the views are divided about whether this would have any economic justification in addition to existing channels of aid. There are, however, strong political pressures for such a fund in Scotland, for example.

The advantages and disadvantages of allowing a rise in the exchange rate in order to reduce inflation will probably be discussed, but any departure from the present policy of maintaining stability is unlikely to be revealed in the Green Paper as such.

Dayan reaches New York after surprise trip home

BY RICHARD JOHNS, MIDDLE EAST EDITOR

MR. MOSHE DAYAN, the Israeli Foreign Minister, arrived last night in New York with speculation still rife about the reasons for his unexpected return on Saturday from Brussels via Paris to Jerusalem for consultations with Mr. Menahem Begin, Israel's Prime Minister, and his subsequent stop-over yesterday en route for the U.S.

To-day, Mr. Dayan will meet President Jimmy Carter and Mr. Cyrus Vance, U.S. Secretary of State. They will discuss a draft peace treaty formulated by the Israeli Government, a statement summarising what it believes should be the general principles for conducting negotiations and a letter for the eyes only of the U.S. Administration outlining the kind of withdrawals which Israel is prepared to contemplate as part of a settlement.

It appeared that Mr. Dayan used his two-hour stop-over in Zurich on Sunday morning, where he did not leave the airport, to deal with what he had learnt in Paris the previous day.

Asked if Mr. Dayan's unscheduled and strange itinerary would alter Israel's stance on Middle East peace negotiations, Mr. Begin said: "Not at all. The U.S. Government knows very well what is our attitude and other Governments know, but it was quite an important consultation."

In seeking an explanation for Mr. Dayan's conduct attention focused inevitably on the south of the Lebanon where intense fighting continued yesterday. According to reports from Beirut, an Israeli armoured force was poised on the border to strike at Palestinian positions after the failure of an offensive by Right-wing Christian militiamen on Friday.

In Beirut, the belief was that Mr. Dayan—probably prompted by U.S. or other intermediaries—had interrupted his tour to persuade Mr. Begin to call off a planned attack which would have damaged the prospects for his mission to the U.S. and put the whole U.S. peace initiative in jeopardy at its present delicate stage.

Taken aback

Officials there and at the Foreign Ministry were taken aback by Mr. Dayan's sudden dash home and appeared to be genuinely confused about the reasons.

The officially stated purpose of Mr. Dayan's visit to Brussels was to talk with Israeli ambassadors accredited to West European capitals and leaders of the Jewish community.

However, he also saw Gen. Alexander Haig, the NATO Supreme Commander, referred to in Jerusalem as "an old friend."

In Damascus the Palestinian Central Council postponed a meeting scheduled for Saturday to review strategy at the forthcoming session of the UN General Assembly. A letter from Mr. Yassir Aaraft, chairman of the Palestine Liberation Organisation, said that he was unable to attend because of the crisis in the Lebanon.

According to Palestinian officials in Beirut, Mr. Arafat has taken personal command of guerilla "war operations" against "Israeli-isolationist aggressors."

In Israel observers did not rule out the possibility of a meeting between Mr. Dayan and a Soviet representative. It was believed that Mr. Dayan could have received a message of such gravity as to make his trip back imperative.

Our Beirut Correspondent reports: Israeli reinforcements on Saturday moved at dawn to the area around Metullah, the Israeli village on the Lebanese border, according to diplomatic sources. About 50 tanks with two regiments stood by waiting for orders to strike, but they were never given, they say.

It is believed that Mr. Begin decided to take matters into his own hands after an Israeli-backed thrust by Christian forces against Palestinian positions made little headway. The Right-wing militiamen are anxious to prevent the guerillas establishing dominant positions before the winter sets in.

Andreotti acts to avert crisis

BY DOMINICK J. COYLE

ROME, Sept. 18.

SIG. GIULIO Andreotti, the Italian Prime Minister, to-night made a minor adjustment within his Cabinet in the hope of maintaining in office Italy's unique but delicate experiment in coalition government through external support of the Communist Party.

The Communists, supported by the four main opposition parties which have reached a "programmatic agreement" with the Christian Democrats, had demanded the resignation of Sig. Vito Lattanzio, Minister for Defence, arising out of last month's escape from custody of Herr Herbert Kappler, the former German SS Commandant in Rome.

The Kappler incident was merely an issue on which the Communists and the other parties had come together out of a mood of political frustration to harass the Andreotti administration.

But it remained doubtful to-night whether they would be anxious to press the issue too far.

It was envisaged that the future political career of Sig. Lattanzio, whom the Prime Minister had defended strongly in a recent special Parliamentary debate on the Kappler affair, would have been decided at a Cabinet meeting next Tuesday.

Sig. Andreotti, however, to-night anticipated events with a formal call on Sig Giovanni Leone, the President, after which it was announced that Sig. Lattanzio would leave the Defence Ministry, but stay on in the Cabinet as Minister for Transport.

He is being replaced at the Defence Ministry by Sig. Artilio Ruffini, the former Transport Minister.

Concession

It is now for the Communists, in particular, to decide whether this partial concession by the Andreotti Government to their public demand for the dismissal of Sig. Lattanzio is sufficient.

The alternative would be another premature General Election.

The Communist Party is already in serious disarray throughout the country, principally because of its informal undertaking to maintain the Andreotti Government in office, and Italy's economic and social difficulties.

The Lattanzio affair, after the resignation of a Government junior minister over a reported scandal and allegations that Sig. Mariano Rumor, a former Christian Democrat Prime Minister, could be charged with giving false testimony in a conspiracy trial, has prompted speculation that local elections scheduled for November may be postponed.

The Communists might agree to this. But it could be opposed by some of the smaller lay parties.

Sig. Rumor, who was threatened with impeachment in connection with Italy's Lockheed scandal, has denied the allegations arising out of the Catanzaro trial.

This trial stems from an explosion in Milan during a period of political tension in the 1960s in which 14 people died and responsibility for which has fallen on Right-wing elements said to have acted with the collusion of the secret service.

Sig. Rumor, during this period, served as Defence Minister and Prime Minister.

World Bank plans lending boost

BY DAVID BELL

WASHINGTON, Sept. 18.

THE WORLD Bank is to discuss proposals for a general capital increase during the next year to increase the amount it has to lend in real terms, its annual report discloses.

The Bank's $41bn. authorised capital enables it to sustain annual lending of about $5.8bn., the report says. A general capital increase, over and above the traditional International Monetary Fund linked selective increases in capital, would permit it to expand its lending even more.

The very poorest nations were increasingly being left behind as the effects of the rise in the world price of oil and other factors continued to be felt, the report says.

It was impossible for the poorest countries, inhabited by some 800m. people, to break the grip of poverty by themselves. Much more needed to be done to assist them.

Last year the Bank borrowed $4.72bn., nearly $1bn. more than the year before. Of this $1.3bn. was borrowed inside the U.S., but the Bank also borrowed in Germany (18 issues) Switzerland (six issues), Saudi Arabia (four issues), Japan and Yugoslavia (one issue each).

By the end of 1975 the total external debt of the developing countries amounted to about $173bn., including both disbursed and undisbursed balances.

Approved

The current account surpluses of nine members of OPEC — including Iran, Nigeria, and Venezuela—declined sharply in 1974. "By the end of 1975 it was evident that some of these countries, particularly the largest and poorest of them, Indonesia for example, would not in the near future be in a position radically different from any other developing countries."

The Bank said that last year it and its affiliates, the International Development Association and the International Finance Corporation, approved loans and investments totalling more than $7.2bn.

Taking the Bank and IDA together, lending in the fiscal year 1977, which ended on June 30, increased by $434bn. to $7.06bn. However, commitments were some $46m. below the 1976 figure in real terms.

Last year's total Bank disbursements were a record $2.6bn.

Unions attack Thatcher plan to ask nation

By RICHARD EVANS and NICK GARNETT

A CONSERVATIVE Government faced with massive opposition from the trade unions to its industrial policy would consider putting the issue to a national referendum, Mrs. Margaret Thatcher, the Opposition Leader, said yesterday.

Mrs. Thatcher's statement was immediately attacked by leading trade unionists as impractical and irrelevant.

Mr. Jack Jones, general secretary of the Transport and General Workers' Union, said that the whole tenor of what the Tory leader had to say was "camouflage" for strong anti-union attitudes held by her and her advisers.

Mrs. Thatcher, faced with damaging party dissension over the party's attitude to trade union power, had canvassed for the first time the possibility of a referendum as an alternative to all-out conflict with the unions or to a general election — the course taken unsuccessfully by Mr. Edward Heath in February, 1974, when the miners called a national strike.

She stressed repeatedly in an interview with Mr. Brian Walden, the former Labour MP, on the London Weekend Television programme Weekend World, that she did not envisage a confrontation with the unions, partly because there was no intention of introducing a statutory incomes policy.

Viable

Nevertheless, her introduction of the referendum formula has two principal aims—it is an attempt to take the heat out of the row raging within the party over trade union power, and to convince the electorate that the Tories had a viable policy for meeting possible union opposition.

A point Mrs. Thatcher emphasised was that any confrontation would not be between unions and the Government, but between unions and people.

"If unions hold the whip hand, upon whose back does the lash fall? It is their fellow workers, their wives, and in those circumstances my answer would be to let the people speak."

Her view after the referendum on Common Market membership had been that the country had learned the advantage of a method of putting a single issue to the electorate.

"It is a way of letting the people speak and a constitutional matter, if it arose, would be the time to use it."

There was no difference of principle between herself, Sir Keith Joseph and Mr. James Prior over the closed shop, which has emerged in the last week as an issue that threatens to rip apart the unity of the Shadow Cabinet at a time when the Government appears to be on an electoral upswing.

"We are all against the closed shop." There was a difference of emphasis between Mr. Prior, Shadow employment spokesman and Sir Keith, Shadow industry spokesman, over the Grunwick dispute, but this was not about the closed shop, and it was nonsense to regard comment on it as union-bashing.

Nevertheless, Mrs. Thatcher's intervention after her return from her U.S. tour will probably not end the party argument over the closed shop or heal the deep mistrust now apparent between supporters of Sir Keith and Mr. Prior over wider industrial issues.

These are almost certain to erupt again at the Conservative Party conference at Blackpool next month when Mr. Prior will have the tricky task of trying to persuade the rank and file to support the official policy of allowing the closed shop to remain legal while seeking additional safeguards.

No ban

The indications yesterday were that he will have Mrs. Thatcher's full backing in spite of growing demands from the party's Right-wing for an ever aggressive line outlawing the closed shop.

Mrs. Thatcher confirmed that no attempt would be made by an incoming Tory Government to ban closed-shop agreements, but there would be legislation to ameliorate some of their worst effects including "abundant" compensation for a man who lost his livelihood through the closed shop, an appeals procedure in the courts, and exemption for employees who had worked for a company or nationalised industry for some time.

The present Government was intervening in far too many areas of society and was seeking to inhibit individual liberty. "I want to roll back areas of decision by Government both from people and from businesses.

"I want to replace our present flat, non-expansion, non-growth, non-incentive society by an incentive, enterprise, package."

Instead of clobbering small businesses, the Government should encourage them as this was where growth and employment lay, Mrs Thatcher said.

Mr. David Basnett, general secretary of the General and Municipal Workers' Union and the newly elected chairman of the TUC, said that the country needed suggestions on improving industrial relations and industrial performance.

"Instead of suggestions for doing these things, she makes her major suggestion that of an impracticable referendum."

The sinister bread strike

BY ANTHONY HARRIS

"I would draw your attention, Watson, to the significance of the dog in the night."
"But the dog did nothing in the night."
"That is its significance."

CONAN DOYLE'S splendid old chestnut has been coming to mind in the past week, as one day of the bread strike succeeded another, and the dog did nothing. Not one of the politicians who have had so much to say about Grunwick, the closed shop, and many other issues has found any provocation in what the bakers have been doing. This is certainly significant.

The initial strategy was surely meant to be provocative. Mr. Sam Maddox's statement that the public must be taught the value of its daily loaf was gratuitously insulting, and some of his members have been very half-hearted about the policies that went with it of cutting off supplies to other bakers. Some of them may have thought that the employers were under more pressure with the competition active than with a general closure.

Concealing

There was a time when a strike was a simple effort to put pressure on employers, but this is too simple now. Mr. Maddox clearly believed that he could only prove his effectiveness by trying to hurt the general public, and boasting about it at that.

It is possible that the bakers have been concealing a different aim, and that the union resents the activities of non-union master bakers. If so, it means that Mr. Maddox thinks it is actually more respectable to threaten the public than openly to pursue a dispute into territory which he does not control.

Whatever the truth of the matter, the fact is that we now seem to take it for granted that a trade union will try to exercise what amounts to naked political power if it sees a chance of it. That is the issue which was surely worth a comment.

An older generation of politicians—especially Labour politicians—were more robust. A Labour Government sent troops into the docks to ensure that the nation's trade continued while the dockers and their employers fought it out. This was not strike breaking. The employers were still threatened with bankruptcy. Such intervention could reduce the political impact of strikes—which could in the long run backfire on the unions themselves, as some of their wiser leaders realise.

The growth of overt political strikes, in the sense I am using here, has been forced on union leaders against their better judgment. Strikes against the public have grown mainly because the public sector has grown.

A state-owned industry or a public service cannot in the short run be threatened with bankruptcy. Unions are compelled if they want to exercise pressure to do it by putting pressure on the general public; and an alternative service—the army running power stations, for example—really would amount to strike-breaking. The incomes policies of recent years have spread the trouble. When a Government says that an agreement between an employer and union is against public policy, it invites the union to challenge public policy.

Master's voice

Disputes between unions and the Government raise difficult issues, which have been resolved in Communist countries by emasculating the trade unions. In democracies, a more tactful approach is needed and the subject is not one for slogans. However, when unions start to try to make every dispute a matter of blackmailing the public, whether the Government is involved or not, the issue is not a difficult one at all. Strikes where possible should be aimed simply at the employer, and someone should have said so last week. Conan Doyle's dog, you may remember, did nothing because it recognised its master's voice.

U.K. builds 1981 space probe

A SPACE PROBE which may explore secrets of the "big bang," which many scientists believe is how the universe began, is being designed and built in the Department of Space Research at the University of Birmingham.

It will be launched in 1981 on board the manned U.S. spacecraft Spacelab II.

The British project was chosen from 220 put forward by universities and research institutions in the U.S., France, Italy, Germany and Holland and others. The probe's main instrument will be a X-ray telescope which will be directed at the cloud of gas floating between clusters of galaxies to identify some components of the gas.

THE WEEK IN THE COURTS

Just not cricket

BY JUSTINIAN

PROFESSIONAL CRICKET has temporarily abandoned the sports stadia for the law courts. All through the summer season the cloud of Mr. Kerry Packer has hung as menacingly as the weather over the international cricketing scene. Next week the reaction of the Test and County Cricket Board (TCCB) in banning those players lured from both Test and county cricket by the moneybags dangled by Mr. Packer will be adjudicated upon in the English High Court. The outcome of the impending hearing before the Vacation Court has been no more certain to the public than the Schweppes County Cricket championship was until the dying moments of an eventful season both off and on the field of play.

The two bans give rise to quite distinct legal responses. To ban any cricketer from selection to play Test cricket is as idle as it is unnecessary. There is no right in any cricketer to be selected to play for his country: the selectors so far have needed merely to ask the prospective Test player whether he is available for selection for the forthcoming Pakistan/New Zealand tour this winter. To the Packer player the answer has been startlingly simple: he is engaged elsewhere. He is in no different position from any other player who has bound himself to go on a very lucrative series of lecture tours or to become head coach to an oil Sheikhdom. He is just not available.

So far as future Test matches during an English summer when a tourist side is in England, the selectors may feel that a refusal to go on a winter tour effectively disqualifies a player from further consideration. After all, Geoffrey Boycott was omitted from the Test side for three years after declining to be selected to go to India on a winter tour in 1974. There is no contract between a cricketer and the TCCB that even obliges the latter to consider the player's claims to be included in a national side.

The ban on Packer players from playing in county cricket is altogether of a different order. Where a cricketer has an extant contract with his county, the county administrators can claim his services exclusively during the whole *period of the contract*. But since cricket is a highly seasonal game the contract normally provides for exclusive services only during the playing season. If during the winter months the player signs up to play in Australia there is nothing to prevent him doing it. What motive then will an English judge attribute both to the TCCB in imposing on counties a ban on Packer players, and to the counties that implement the ban? Can there be any purpose other than that the players who have signed up with Mr. Packer should be induced to break their contracts with him? How can the TCCB justify its banning, for example, of that superlative cricketer, Mike Proctor, from Gloucestershire County Cricket except with the idea of injuring Mr. Packer and his cricketing enterprises by hurting Proctor enough so that he will return to the English fold?

Costly battle

The TCCB may ultimately fail to wean many of the Packer players away from their desire to benefit from the fruits of the Packer circus. But they will in the process have subjected themselves to a number of legal suits as a result of the few who are frightened off and renege on their Packer contracts. The damages recoverable and the legal costs incurred will be substantial. To the cricketing authorities who have desperately needed an infusion of finance into the game (which came only in the wake of the Packer threat, even if the Cornhill insurance funding is a case of *post hoc, propter hoc*) the costly battle in the courts seems the height of folly.

(The TCCB in fact is simply carrying out the recommendations of the International Cricket Conference, the body responsible for cricket throughout the world, first that anyone who plays in games detrimental to international cricket will be automatically banned from Test and also first-class cricket in all countries; secondly that such banned players may only be reinstated on the initiative of his own country and with the agreement of all the member countries of the ICC.)

Once the cricketer's contracts with his county has expired, there is of course nothing to stop a county renegotiating with a Packer player. Under the TCCB continued ban on the counties the latter would in the last resort have to say "to" the player: "We have decided in future only to engage players who will make themselves available to play for their country, if selected. Are you available?" The Packer player, disclosing his contract that disqualifies him from Test cricket, would effectively disbar himself from signing on with the county. In the state of bargaining over a new contract there is no legal obligation on the county to sign any player, and no fear of legal action if there is compliance with the TCCB ban not to allow Packer players back into the county game. But that situation, in the embryo days of the Packer intervention into international cricket, has not yet been reached. The counties may on reflection decide to defy the TCCB ban once they see that the interests of cricket are not irreparably damaged by the partial defection to the Packer circus, and that the muscle of TCCB cannot be deployed to disciplining the county administrators.

The TCCB's legal advisers may have a googly or two up their sleeves, they certainly need it if they are not to be comprehensively bowled out for inducing breaches of contract and conspiracy to injure. It may be, however, that the Packer contract itself contains some legally obnoxious restraint of trade. Has Tony Greig, and his fellow defectors from English Test cricket, done more than sign for a series of super-Tests in Australia during the closed English season? If so, it may be that Mr. Packer has induced players to break their contracts with their countries.

English cricket has emerged this season from a depressing era, when performance on the field has been at a low ebb and the administration off the field at Lords has been suffering under the cruel economies of modern life. This year the ancient rivals have been routed as hardly ever before. The injection of insurance company monies has given new heart to cricketers who (apart from a handful of exceptions) have been abysmally paid for their skills and entertainment value. It would put a blight on the administration of the game if all this welcome development were tarnished by a crushing defeat in the courts inflicted by Mr. Packer. When it comes to adjudicating between purely property interests, the law can be cruelly impartial. The morals of the disputants are irrelevant to the legal result.

Strength and artistry

RUGBY UNION

BY PETER ROBBINS

LLANELLI have had some rich pickings against the Harlequins at Twickenham, and Saturday's match was no exception. They swept aside an enthusiastic but confused Quins, 37-12, playing only as well as they had to, but intermittently producing flashes of characteristic brilliance.

Llanelli's last two tries summed up the difference between the sides. Fly-half Nicholas drifted down the blind side supported by Jenkins and Thomas, the flankers.

The Quins stretched defence was breached and the back-row trio worked closely with Williams at scrum-half, giving Llanelli more options.

Hill's final try started from an aggressive burst by Gravell, and then a perfectly timed pass from Bergieres. It was a combination of the physical and the aesthetic, a mixture that Llanelli had and which the Quins could not produce.

The Quins were perplexed by the variety of attacks . . . attacks which were made possible because their packs were continually dominated by Llanelli.

Williams at scrum-half, who attempted to go on his own more, sensibly realised that to move the ball quickly was to the greater benefit of the team.

The Quins lost their replacement scrum-half, Dyson, on half-time, and Winship came and performed extremely well considering he was operating behind a pack in full retreat. The Quins front row of Claxton, Jardine and Cutler looked durable, and Claxton, particularly, revelled in the hand-to-hand stuff and made some telling, rumbustious runs.

The major problem for the Quins appeared to be in the second row where Kelly and Purdy could not stem the drive from the Llanelli second row.

The pack performed better in the second half and D. H. Cooke, the flanker, deserves great praise with Claxton for lifting others by example. Cooke['s tireless] running and tackling [hin]dered Llanelli and probably [pre]vented further tries.

Modern Rugby demand[s] line-out possession, but [the Quins] suffered from some wild [throwing] back and inattention [to] secondary possession. O[ften the] ball bobbed about, and t[he] forward must dispute th[e pos]session immediately.

Back moves of any [con]sequence were few [and far] between. But one good [break] from Gilbert, taken on [by Bir]kett, David Cooke an[d ...] almost produced a try.

The Quins were alw[ays on] the defensive and [when] Gilbert came up quick[ly, a] misalignment of Cook[e and] Birkett in the centre fr[equently] left an inviting gap.

Cooke tackled well fr[om the] side, but less confident[ly ...] on. But as captain his im[mediate] task is to appoint a go[od pack] leader and make certain [the] forwards know their duties.

A civilised outpost

SOCCER

BY TREVOR BAILEY

THE VIOLENT, loud-mouthed, unsporting, moronic rabble, who follow English football clubs in increasing numbers these days and who have understandably made us so detested on the Continent, are having an adverse effect on the game. They are also providing a grossly overworked police force with additional duties.

The time when a father could safely take his family to a professional soccer match for an afternoon's civilised entertainment is fast disappearing. Fortunately, it is still possible at Portman Road, Ipswich, where the vast majority of the Suffolk supporters come to watch the game rather than to take part in a primitive tribal ritual.

Even there, police security has had to be tightened more, one suspects, because of visiting fans than home supporters. Several arrests were made before and during the match between Ipswich and Liverpool on Saturday.

The game ended in a 1—1 draw, which was a fair reflection of the merits of the two teams.

The first half belonged to the visitors, who showed greater cohesion and composure. They took the lead with a cleverly placed shot by Dalglish, whose deadly finishing this season has justified his huge transfer fee.

After the interval, Ipswich exerted more sustained pressure, while their back four did well to contain the dangerous Liverpool counter-attacks. Geddis replaced Osborne, the least effective member of a half-back line in which only Talbot was continually impressive.

Woods moved back to midfield and the substitute provided additional bite to the forward line.

This change paid off when Whymark flicked home Beattie's forward header, following a corner from the left, to level accounts.

There were no more goals. But Hughes was injured in the closing minutes and, though limping badly, refused to come off immediately, despite the pleas of his worried trainer.

There are many more cultured players than the England and Liverpool captain, but few possess as much character.

It was not a classic match, but it contained much of interest, such as the accurate distribution by Smith out of [defence] and the way at least o[ne mem]ber of what was basical[ly a three-]man half-back line wa[s pushed] up to support the two [Liverpool] front-runners, Dalglis[h and] Heighway.

On this showing, the[y] seem to have an [excellent] chance of retaining th[e title] or, at the least, finishin[g in the] top three.

At right back for [Ipswich,] Burley was outstandi[ng. He] tackled crisply, used [the ball] intelligently, overlapp[ed with] zest, and produced [two] shots.

Clemence did well to [save the] first, the other just w[ent over] the bar. Beattie was h[is] commanding self in th[e centre] of the back line.

Mariner gave occasion[al glimpses] of class without being [able to] find his way through [a well-]organised defensive net.

Ipswich appear to [need an]other class player to [join] Talbot in midfield. Pos[sibly the] enthusiastic Mills, who [is] injured, will take over [as soon] as Tibbott proved a wor[thy] left-back.

However, one surm[ises that] before the end of th[e season] Bobby Robson may ha[ve cause] to regret not being abl[e to sign] Jennings as his goalke[eper].

Ryder format fails

GOLF

BY BEN WRIGHT

ALTHOUGH THERE was much individual honour in our joint defeat at the hands of the United States by 12½ matches to 7½—Great Britain and Ireland's 18th in 22 Ryder Cup matches, with one halved—the question of where we go from here was prominent at Royal Lytham.

There seemed to be three alternatives, if the matches are to be taken seriously. The first is that the top 12 non-U.S. players in our order of merit should represent a Rest of the World team against the Americans, which would encourage the best overseas players to appear here—a real plus for sponsors and spectators alike.

Secondly, teams from abroad could be allowed to take part alongside us in an elimination series in the alternate years when Ryder Cup matches are not played, the winning team to challenge the U.S.—a sort of America's Cup system. This *might* suit a sponsor such as Allied Breweries (Double Diamond).

Lastly, we could finally and for ever give the Cup to the Americans and play exhibition matches at a biennial get-together when the professional golfers' associations of both countries could sort out their differences and problems.

Although they would never admit it, this is really the status of the Walker Cup now, an excuse for officials of the Royal and Ancient and the U.S. Golfers' Association to thrash out golf's perennial rules problems. Certainly the Ryder Cup match in its present form has become a sick joke.

Nick Faldo and Peter Oosterhuis would hardly agree — and all praise to them for remaining unbeaten and revealing as much professional dedication as the best Americans. Likewise, Lanny Wadkins, the only American to win three matches, was entitled to have been delighted at his debut.

But he, like all his teammates, was disappointed to have come so far to play so little golf. The new format was a dismal failure in that respect, the public being cheated of day-long action for which they had paid good money.

It was fitting that the really promising left-hander, Peter Dawson, and the unfailingly aggressive Bernard Gallacher by beating Don January and Jack Nicklaus respectively did not go away empty-handed. Once again Brian Barnes, by beating Hale Irwin, showed what he can do if and when he fully applies himself.

The lack of team-spirit, however, was all the more noticeable in contrast to the visible support the Americans gave each other. This had been another appalling feature of the Walker Cup fracas a month ago. If we cannot persuade a team really to play as a team, how on earth can we hope to beat Americans who welcome the chance of making golf a team game?

Tony Jacklin hit a new low in this and other respects as both Wadkins and Dave Stockton correctly and loudly pointed out to him. The tragedy of Jacklin's decline is that a public, starved of golfing heroes, will now put far too much pressure on the admirable Faldo — just as they did on Jacklin years ago.

I sincerely hope Faldo can escape the pitfalls Jacklin has fallen into with tiresome regularity.

Wind foils Australia

YACHTING

BY SAM VITE

NEWPORT, Rhode Island, Sept. 18.

EVEN THE weatherman seems to be against Australia, the challenger in this year's America Cup competition being sailed in Rhode Island Sound.

He predicted plenty of wind for to-day, and because of that the Australian team elected to race, just when everyone thought they would ask for a lay day. But when the fog lifted this morning there was a bright but almost *windless sky*.

Now the forecast is for a southerly breeze of 10 knots or less—just the sort of conditions in which the U.S. defending 12-metre yacht, Ted Turner's Courageous, has already proved much faster than Australia.

So this promises to be the last day of the 1977 series. The *Courageous team* is already three ahead in the best of seven series, and needs only to keep in front of Noel Robins and his crew on Australia to make it what the Americans call a "shut-out."

That should not be too difficult for Turner's men; they have kept their boat ahead of the challenger on every leg of every race in the series so far. Australia has managed to cut the deficit only when Courageous was well ahead and Turner seemed to be easing up.

Saturday's race fitted this pattern exactly. Courageous pulled easily clear on the first beat, kept extending the lead on every point of sailing until the final run, when Australia pulled back a minute or so. But then Courageous opened her stride on the final beat and crossed the line more than 2½ minutes ahead.

If Turner and his men can complete their task to-day, it will mark the end of a decade of almost total authority in 12-metre racing for the Americans. They won the 1967 and 1974 series 4—0, and dropped only one race to the Australian challenger Gretel II in the 1970 series.

Perhaps the only real hope of *Australian survival is that the* wind dies and the race cannot be completed within the set 5½ hour time limit. But not even Alan Bond, leader of the Australian syndicate, *could be hoping for* that.

He must feel, like everyone else in Newport now, that it is all over bar the shouting, and that it is time to get the shouting over and get out of here.

Best to-d[ay] is Roarin[g] Twenties

RACING

BY DOMINIC WI[GAN]

F.T. CROSSWORD PUZZLE No. 3,470

ACROSS

1 Daughter takes flower for man at front of train . . . (6)
4 . . . and man at front, or back of train? (8)
9 Vegetable in stewpot — a tomato? (6)
10 Half trap put before outlet for little fish (8)
12 Twice two-thirds of 28 for toast (4-4)
13 Upper-class fur may be employed (6)
15 Spoke about help from the south (4)
16 Fee for murder—a red cent? (5-5)
19 Source of light and warmth at night (10)
20 Wound saint and sailor (4)
23 Tropical fruit—two feet long? (6)
25 Soldiers going to face healing (8)
27 Burglar colloquially is not more bad mannered (8)
28 Boy in church intoning (6)
29 Oriental flower in cathedral (8)
30 Make ready for race with learner in charge (6)

DOWN

1 Sketches some French and ancient northern people (7)
2 Second sight derived from teaching (9)
3 In a moment I cease hiding allure (6)
5 First-class railway could be unsubstantial (4)
6 Hideous and got bigger it's said (8)
7 Extemporise notice to liberal (2-3)
8 Shaking one article to dry outside (7)
11 Sick in front of ship. It could be the waves (7)
14 One who steals and cooks eggs (7)
17 Unfashionable and uninformed (3, 4, 2)
18 An excuse certain to give enjoyment (8)
19 Freak putting cover on cereal (7)
21 Poise which bachelor has to cut (7)
22 He accepts receivers in late transport (6)
24 Was going round racecourse using power (5)
26 Give me a pound for food (4)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

TV Radio

† Indicates programme in black and white

هكذا من الأصل

and arti

RUGBY UNION

ed outpos

SOCCER

mat fails

Australia

YACHTING

Alison Gollings, Alec Monteath, Hugh Sullivan and John Buick.

y Festival Theatre—2

Two Pretenders

by ANTHONY CURTIS

...ory of the Pitlochry ...tival is a cunning ... popular, the brave ...tish. This season it ...stume plays, *Cyrano* and R. J. B. Sellar's ... which provide the ...ngredients.

... piece of sustained ...domontade, full of ...arts and elaborate ...ts, is a hazardous ... for any company. Andrew McKinnon's ... was resourcefully ... many of the opportunities for stunning ...*éâtre* were well and ...

...f these came in the ...ment of the play ...pe of *commedia dell'* ...ers entered from the ...e *auditorium* (an ...d mode of appear... proscenium stage) ...ded to occupy the ... the Hôtel du Bour... that evening in 1640 ...tch our first glimpse ...esque swashbuckling ...llows his *monstrous* McKinnon's direction ...l Knight's designs, ... most appropriate ...uarrelsome, extrava... The stage was filled ...noblemen, their fav...tresses, servants and ... the aura of Corneille and Racine. Hence the strong sense of theatre, *of the comediens du roi*, established from the start. Attitudes taken from the theatre are *seen to dominate life itself*. Indeed the two have become hopelessly confused and nowhere is this confusion more evident than in the swaggering figure of Cyrano.

Hugh Sullivan looked the part to perfection and was strong on the heavily underlined panache. His duel while composing a sonnet was a splendid example of *heartless insolence*. Unfortunately though this Cyrano did not develop with the play. The scene where he provides the gallant sentiments for Christian (Charles Spicer) to address Roxane (Alison Gollings) when she appears on the balcony was both amusing and touching but after the seige of Arras (which also went well with the help of *a puff or two of smoke*) Cyrano begins to adopt his stage gesture for real. Hugh Sullivan never made this transition and the final scene in the convent garden whither Roxane has retired, and where as a dying man he confesses his deception, tottered more than once on the edge of banality. However by then a living image of the play had *been cheated. The translation* by Brian Hooker adapted by Tom Gallacher, new to me, was most serviceable.

...ver realistically the ... is painted what we ...ing is the Paris of ... late 19th century in ... Victor Hugo not that ...sical seventeenth in ...

The mandatory all-Scottish evening came not with a revival of Barrie or Bridie nor with a discovery, like last year's *A Presbyterian Wooing*, but with a play about Bonnie Prince Charlie, *Brief Glory* by R. J. B. Sellar, a Scottish playwright *who died in 1960*. You might think it would not be possible to write a dull play about so endlessly fascinating a subject but somehow Sellar managed it. His first two acts are set in the house of the Drummonds in Stirlingshire just before and just after the high-point of the Prince's fortunes in 1745. Some of the bitter rivalries and *suspicions within the Jacobite camp* are suggested by acrimonius conferences between Lord Elcho (Charles Spicer), Lord George Murray (Alec Monteath) and John Murray of Broughton (James Fleet) in the manner of a sound radio play.

The author then introduces two women in amorous rivalry for the Prince's favours, Janet Blair Drummond (Alison Gollings) and Clemintina Walkinshaw (Jo Cameron Brown) on *the slenderest historical foundations* though the latter did become his mistress after his exile in Paris where we are taken in the last act.

shcob

The fictitious nature of all this—in reality the Prince appears to have been sexually shy with women and much more interested in conquering the *Hanoverians — would not of* course have mattered had we been as captivated by Robin Bowerman's Prince as were his loyal Highlanders. As it was one wondered what it was they saw in this funny little monkey with a vaguely Baltic accent. It looks as if next year it had better be Bridie or Barrie again.

Hall/Radio 3

Choral Symphony

by RONALD CRICHTON

...s past when the Ninth was a rarity. Once ... the occasional per... ...as to be approached ...e and reverence due ...ultimate symphonic ... Beethoven and the ...musings of Schiller—generally expressed ...re acceptable at least ...music lasted, to all ...ple whom the reality ... brotherhood would ...e appalled. Now the ...amiliarity, partly the ...outine performances, ... the difficulty, ... by the listening ... well as by creative ... rising too often to ...ghts. ... Proms, though the ... few is beginning to ... near the music for ... of the rest of the ... of the performers, some degree of brotherhood is credible, though it appears to be still no universal that it evaporates before the winter concert season. On Friday, when the Choral Symphony filled the traditional place on the last night but one of the season, the London *Philharmonic Orchestra* and Choir under Haitink gave a reading which was not routine at all but tonic—a refreshment to stal ears and a wonderful introduction to those hearing the music for the first time.

Other conductors have drawn more sense of turmoil and cosmic upheaval from the first movement. But Haitink's taut, tense, never rigid guidance finely balanced the eruptive side with other things a more romantic view may miss, like those insistent staccato semi-quavers which in the development fall like a rain of arrows. The scherzo had a similar tautness without stiffness. The trio, which too often dissipates the momentum, increased it. The slow movement, so frequently a casualty that one has sometimes wondered if a vital quality has gone from *the music, was remarkable*—at once numinous and extremely lucid, concentrating on the notes rather *than on putative states of mind*.

The finale excitingly combined the same virtues. There were some not unusual signs of human frailty at the extremes of the compass: the instrumental recitatives for the lower strings were ineloquent, while the choral equivalent for tenors and basses revealed some strained tone not typical of this choir. Of the soloists—Heather Harper, Helen Watts, Robert Tear and Raimund Herincx—the men were exceptionally happy, the soprano fine until the treacherous last phrase rising to high B just eluded her.

As a prelude and as an interesting and logical sequel to the Liszt B-A-C-H Fugue heard the other day, John Scott played the Organ Sonata on the 94th Psalm by Liszt's pupil Julius Reubke, who died at the age of 24. An impressive piece, not terribly well placed at the outset of this programme, since the *quiet opening was under way* almost before the audience was ready.

Royal Exchange, Manchester

The Ordeal of Gilbert Pinfold

by B. A. YOUNG

One should forget that *The Ordeal of Gilbert Pinfold* is a novel, and that the eponymous character is an autobiographical sketch by Evelyn Waugh. The Exchange's *Pinfold* is a play by Ronald Harwood, based (like *Romeo and Juliet* and *Hamlet* in their day) on a piece of contemporary literature, and as a *work of creative art it must rely* on its own merits.

Mr. Harwood has set himself *a difficult job, for his story, as* alarming as it is funny, confirms only the hallucinations of a successful novelist cruising on a liner to avert the onset of a nervous breakdown. Of the 24 characters in the cast, Pinfold has a genuine relationship with only one, his wife, and she is absent through most of the action. The rest are either imaginary, or are mental mutations of the other people on the cruise. So no close bonds of association are built up, and there is little in the way of a developed story.

The Entertainment Guide is on Page 30

Considering the difficulties of these handicaps, Mr. Harwood *does well, he has the advantage* of a fine performance by Michael Hordern as Pinfold, who, on *stage almost* all the time, is required to telegraph the workings of his mind when he is not *actually involved* in dialogue with others. Mr. Hordern's Pinfold is not at all like Evelyn Waugh, but his mental processes, as his physical shape improves and his mental condition deteriorates until his time is filled with delusions of incredible disasters and bizarre accusations against himself, are chartered with minute and convincing detail.

His accusers, when they are not baiting him for being queer, or Jewish, or heartless to *his mother and his* tenant, or involved in the theft of a moonstone, are perfectly ordinary passengers *on* the way to Ceylon. But in Pinfold's mind they are hooligans (who communicate with him through the lamp on his dining-table), love-sick girls, rogue operators from the BBC, murderers or retired generals. Being no more than "humours" they do not offer opportunities for memorable acting, but their cumulative effect, aided by the splendid sound-effects, is sinister in the extreme.

One misses, as the evening goes by, the sense of developing relationships, and the conclusion —Pinfold home again, the delusions put to flight by ending the excesses of brandy, creme de menthe and sleeping pills—denies us a genuine climax. There is much of interest in Michael Elliott's cinematic production all the *same*, with its swift changes of scene; and Mr. Hordern's performance is a collectors' piece

For those who cannot forget that *Gilbert Pinfold* is a novel, I must say that Mr. Harwood has followed the book scrupulously, only expanding those passages that, on the page, Evelyn Waugh could handle with a few simple, economical phrases so that we may see before us what we were meant to see in our mind's eye.

Aldwych

Troilus and Cressida

by B. A. YOUNG

The slow, portentous pace of this *Troilus* turns its three-and-a-half-hour span into the semblance of six. The play, which at Stratford was co-directed by John Barton and Barry Kyle, is now directed by Barry Kyle on his own. I am afraid his first solo has ended in a prang.

On the credit side is the basic simplicity with which we begin. No scenery, only the empty galleries of the mock-Elizabethan playhouse upstage, amplified as necessary by a tent or so. The simplicity is not extended to the costumes, however, which Chris D...r makes wilfully eccentric. There is a suggestion of Greek pottery designs among the Greeks; but the Trojans prefer to go into battle in nothing but *their padded gamma-fronts*. The servants are dressed and bejewelled like women. Ulysses *drinks from time to time from* an Army water-bottle. The message Aeneas (an elegant performance by Nickolas Grace) brings across the lines is on a parchment scroll, but we see a solid 19th-century book later.

There is even less simplicity in the playing. Mike Gwilym's Troilus can be charmingly romantic in intimate scenes, but he soars into heights of passion when his emotions are aroused such as I have not heard in the theatre for many a year, and he is given to rolling on the stage to relieve his feelings, as Olivier used to in *Richard III*. At other times he couches in attitudes that suggest he is following a Yoga keep-fit course.

Perhaps indeed he *is*, for Hector (resonantly spoken by Michael Pennington) and his companions all indulge in a little loosening-up routine before they go into the field. As for Achilles, he has been changed from the drag-queen that Stratford has previously made him into a punk-rock yobbo. Paul Shelley need only dye his hair *scarlet* to perfect the image, for already he has got the right inflections into his *voice, if not the right accent*. (This is left to Hilton McRae's Diomedes.) This Achilles plays no part *in killing Hector*; he stands naked on the touchline and directs the multiple stabbing by his myrmidons that now replaces the sinister pressing to death by shields which we had before.

Most of the battle scenes are played for farce, with Hector mowing down every Greek that comes within reach of his whirling sword. Ajax coming on and at once going off again, and so forth. The farce is, I think, intentional, and this makes things hard for Nestor (Norman Tyrrell) when he has to give a serious account of what goes on. Less *serious commentaries* come from John Nettles's Thersites, who has a habit of raising his voice far into the leger-lines when he gets excited.

Two performances are outstanding. David Waller's intelligent and sympathetic Pandarus and the Cressida of Francesca Annis. Mr. Waller always reveals a deep understanding of what he has to say, and never succumbs to the tendency shown by his colleagues of hyper-melodramatic "expression." When he says "And Cassandra laughed" it makes us laugh too. *Cressida is an authentic teen*-age child whose emotions are tried beyond their capacity; *Miss Annis is prettily romantic* when, with Troilus, she is on recognisable ground, and when, *subjected to the lecherous taunts* of the Greeks, she does not understand what is happening, you can see her changing gear and going the way she thinks she ought to. I'm sure her letter to Troilus the next morning was as sincere as could be.

Festival Hall

Giselle

Led by two dancers naturally gifted for the roles they were taking, Festival Ballet's *Giselle* on Thursday had a fine Romantic air. Eva Evdokimova presents a Giselle of the shyest, most Wordsworthian delicacy, trusting and timorously happy in Act 1, soaring delicately into the night air in Act 2. If her peasant girl seems at moments *underplayed—too sensitive even* to dare to go mad—the mad-scene itself is extremely pathetic, *and Evdokimova looks the be*trayed heroine to the life. The personality flares up in a burst of emotional vivacity, and the over-demure girl is transformed into a real and tragic figure.

Peter Schaufuss' Albrecht is also something of an innocent in the first act. The dancing is faultless, and the logic of the character is clear—a boy unwittingly caught out by his own emotions—but there seems insufficient tension between the *unhappy pair. This fact is per*haps explained by the diffuse dramatics of the staging in Act 1, and by the graciously numb playing of the cast—with the exception of Kerrison Cooke's Hilarion, who triumphs even over an ill-fitting auburn wig.

It is in Act 2 that Evdokimova and Schaufuss, and the production itself, make the greatest sense. The gazelle-like spring to Evdokimova's dancing, its felicitous air of being ideally suited to the Romantic repertoire with its dying falls, and its deliciously rounded phrasing, make for an excellent Wili. If she is *at times too bland in emotion*, her gentle resignation is sustained by a fluent, airy technique. Schaufuss is one of the most intelligent, as well as one of the most brilliant, of Albrechts in this forest scene. He seeks, and finds, a logic to each entrance, to each fleeting contact with the Wili Giselle: his dancing flies ardently into *the air, buoyed up by his pas*sion for her. Prodigies of beats and turns, clean and excellently schooled; a big jump and an incisive dramatic presence; these mark him as one of the very finest of to-day's interpreters.

*For their next joint appear*ance in *Giselle* I can but wish this attractive partnership a suitable stage, and more sensitive musical accompaniment: their gifts merit this consideration.

CLEMENT CRISP

Albert Hall/Radio 3

Boulez

The last of Pierre Boulez's three Proms this season with the BBC Symphony Orchestra—and the third but last Prom of all this year—was devoted on Thursday to Ligeti, Bartok and Stravinsky. Boulez began with *San Francisco Polyphony*—one of the last of a group of works composed during the late 1960s and early 1970s (*Melodien* was a major piece of the period) in which Ligeti began to move away from the familiar "micro-polyphony" that had become his trademark, and place greater emphasis on individual elements in the music, particularly *melody*.

San Francisco Polyphony was one of these essays in melody: a *brilliantly-conceived* play of motifs and fragments, set out in a short (15-minute) but boldly-coloured orchestral canvas—sustained above all by its very sweetness and variety, its prettiness, and constant shift of emphasis and density. Yet for all its sweet core, *Polyphony* is full of surprises: unexpected instrumental riffs and liquid trills; sudden swells of big, burnished melody, which vanished as quickly as they appear; a wealth of sudden new directions, each one with a delicious twist to its tail. A deft, attractive orchestral confection, here by the BBC orchestra, under quick and sympathetic direction, deftly presented.

Michel Béroff, the soloist in Bartok's second piano concerto, compensated entirely for any lack of the weight he would have needed to project his fiendishly difficult (and exceptionally weighty) solo part more powerfully still into the vasty spaces of the Albert Hall with playing of splendid fluency, fleetness and clarity. Every nuance was exquisitely graded: and Boulez matched his discipline—in a first movement alive with colour and urgent motor-rhythms; *in an adagio hushed* to the merest whisper of strings—and for once a decrescendo from *pianissimo* to triple-*piano* perfectly true to scale; in a *finale, once or twice* for my taste a shade too relentless, but exciting, whirled by Béroff to its climax, a glittering tour de force.

Boulez gave us Stravinsky's *Firebird* last: not the usual concert-suite of 1919, but the whole of the ballet music, in a *performance* at once both exhilarating and slightly enervating—a *Firebird* with its wings ablaze, but its romance at half-mast; a *powerfully convincing* exegesis, in essential impulse, dry as dust.

DOMINIC GILL

Spanish guest conductor for RPO

The *Spanish* conductor, Cristobal Halffter, will conduct The Royal Philharmonic Orchestra's Festival Hall concert on September 27 in a programme of works by Mendelssohn and Falla. The soloist in the Mendelssohn concert will be the Russian-born violinist Mark Lubotsky and Brazilian pianist Arnaldo Cohen the soloist in Falla's *Nights in the garden of Spain*.

New Opera Company at the Collegiate

The *New Opera Company will* give three performances of a double-bill consisting of a revival of Elisabeth Lutyen's *Infidelio* and the world premiere of Nicola LeFanu's *Dawnpath* at the Collegiate Theatre, London, on Sept. 29, 30 and October 1 at 7.30 p.m.

Both productions will be conducted by Leon Lovett; Roger Williams will direct *Dawnpath* and will revive Anthony Besch's production of *Infidelio*.

Purcell Room

Rara Avis

by ELIZABETH FORBES

The Rare Bird in the title of The Songmakers' Almanac recital, first of a new series, given at the Purcell Room on Saturday evening, was the baritone Johann Michael Vogl, known to his friends by the punning nickname of Rara Avis. Vogl, now chiefly remembered for his association with Schubert and as an interpreter of *Schubert's songs*, was nearly 30 years older than the composer; when the two first met, in 1817, Vogl was already approaching the end of a long and distinguished operatic career—he had sung Pizarro in the third and final version of Beethoven's *Fidelio*—but he continued to appear in concert until well into his sixties, and outlived Schubert by exactly 12 years.

The enjoyable entertainment devised by Graham Johnson, the Songmakers' Almanac pianist, and performed by Richard Jackson (Vogl), Mr. Johnson himself (Schubert) and Peter Barkworth (narrator), opened with "Le calme rentre dans mon coeur" from Gluck's *Iphigénie en Tauride* (Vogl was a notable Orestes) sung, as it would have been in Vienna at that time, in German. The remainder of the programme, entirely by Schubert, was arranged to illustrate the immensely fruitful, and mostly harmonious, partnership between composer and singer, with a linking narration derived from their letters, or from contemporary criticism, both eulogistic and hostile—Vogl's voice and style aroused strong, conflicting opinions in his listeners.

An aria from *Die Zwillingsbrüder*, the one-act opera in which Vogl took the twin title roles, was followed by "*Der Fischer*," setting of a poem by Goethe, the singer's favourite German poet. In strophic songs Vogl often used to decorate the vocal line, and Richard Jackson sang the first two verses of "Der Fischer" as written, and the last two with Vogl's own embellishments. As a quid pro quo Schubert, an indifferent pianist, wrote himself simplified accompaniments to such songs as "Erlkönig," whose piano part he found difficult. He also wrote extra music for that song, to allow the aging Vogl to breathe more comfortably.

In "Lied eines Schiffers an die Dioskuren," setting of a poem by Mayrhofer and one of Vogl's favourite Schubert songs, Richard Jackson brought suitably rapt expressiveness to a finely drawn melodic line; in "Lied des gefangenen Jägers," the translation of verses by Walter Scott—another of Vogl's literary idols—he caught the unbearable longing of the imprisoned huntsman for liberty to perfection. "Der blinde Knabe," translated from Colley Cibber's "The Blind Boy," always reduced the listeners to tears when performed by Vogl and Schubert: Mr. Jackson's interpretation was restrained, but not therefore the less moving.

The only public concert wholly devoted to Schubert's works given in his lifetime, on March 26, 1828, included three songs performed by Vogl: among these "*Fischerweise*," with its lovely piano part beautifully played by Graham Johnson, vied with "Die Taubenpost"—Schubert's very last song and Vogl's choice for the memorial concert after the composer's death—as the most accomplished performance of the evening. Two songs from *Die Winterreise*, the bitterly ironic "Der greise Kopf," in which the poet imagines himself as an old man, and "Der Leiermann," where he describes the reality of extreme age, made one impatient to hear a complete account of the cycle by these two gifted young artists who complement each other so well.

Actors Company on tour

The Actors Company is to present a major new Edward Petherbridge/R. D. Laing entertainment *Do You Love Me?* as part of its autumn tour this year. Adapted by Edward Petherbridge from R. D. Laing's recently published book, it follows on from their previous collaboration, *Knots*.

The work will be toured with Wilde's *The Importance of Being Earnest* on an extensive tour of the South West. After opening at Brighton and playing seasons at Kings Lynn, Harlow and Basildon, as well as the South West, the two productions will be brought into London for a seven-week season at the Round House.

OVERSEAS NEWS

PAKISTAN'S ELECTIONS

Bhutto's participation in doubt

BY SIMON HENDERSON ISLAMABAD, Sept. 18.

PAKISTAN'S general election campaign started to-day with the former prime minister, Mr. Zulfikar Alli Bhutto temporarily out of the running as he is back in jail for the second time in a week. This time it looks as if it could be a prolonged detention. Mr. Bhutto was arrested by the army on Saturday and is to be put on trial in a military court to face as yet unspecified charges.

Military sources say such a trial is necessary as civilian court proceedings are too slow. The election is scheduled for October 18.

[Reuter reports violence erupted in Lahore to-day: Informed sources said one man was killed and three people were wounded in a gunfight between groups for and against imprisoned former Prime Minister Zulfikar Ali Bhutoo.]

Explaining the arrest of Mr. Bhutto along with 10 other senior members of his Pakistan's People's Party, the country's military leader, General Zia-Ul Haq, said it was necessary so that a verdict of guilt or innocence could be obtained before Mr. Bhutto faced the electorate.

Observers had, however seen the detention of Mr. Bhutto as part of the army's plan to finish his political career and bring him to book on all the allegations of corruption and abuse of power made against him.

They see the move as being finally made necessary after the Lahore High Court freed Mr. Bhutto on bail last Tuesday because a murder enquiry his name was linked with was not yet complete. The army were also said to be worried that if Mr. Bhutto's re-arrest was not made promptly, it would become politically impossible to detain him.

Mr. Bhutto was detained this time at his home in Larkana in the Sind province and taken initially to Sukkur jail. He is now being held in Karachi Central Prison. Other party members arrested with him include the former finance minister, Mr. Pirzada, the party secretary, Dr. Ghulam Hussein, and another former minister, Sheikh Mohammed Rashid, a noted left-winger. The common factor amongst all the arrests is that they all had criminal cases for corruption and the like registered against them. Much of the People's Party leadership though are still free, and a party spokesman says that they will continue to fight the elections.

The question of party leadership in Mr. Bhuto's absence has not yet been clarified. Some reports describe the former prime minister's wife, the Begum Bhutto, as the acting chairman, but this was denied by the party spokesman. Maulana Kauser Niazi who said the whole matter would be discussed along with its formal position on election participation, at a central executive committee meeting in Islamabad.

Ethiopia recruits thousands

NAIROBI, Sept. 18.

TENS OF thousands of recruits have already answered the Government's call for "all adult Ethiopians fit to fight" to help repel Somali invaders in the south-eastern Ogaden region, the Ethiopian News Agency reported to-day.

Thousands of trucks and buses are parked at Addis Ababa's military airport ready to drive the re-enlisted soldiers eastwards, and diplomatic sources said the capital's taxis may also be commandeered. Hundreds of them were drawn up near the university to-day

Addis Ababa radio called on all the country's mechanics to assemble with their toolkits to service the fleets of vehicles.

Ethiopia, reeling before the advance of the Somali forces, appears to be turning to its one resource which the Somalis cannot match — manpower. A 135,000-strong "People's militia" and a 20,000-strong "workers' militia" have already been added to the 50,000-strong regular army, and the latest call-up is expected to put another 100,000 or so men in the field.

The mass mobilisation was precipitated by Somali advances in the two-month war over the Ogaden, where Ethiopia's tank and radar base at Jijiga has fallen, according to some diplomatic sources.

Sources in the Ethiopian capital said the Head of State Lieutenant Colonel Mengistu Haile Mariam, did not reply directly to-day at a Press conference to questions about the fall of Jijiga. Instead he said: "Somali forces have been repulsed from their objectives in Dire Dawa, Harar and Jijiga and their objectives have been foiled. They are facing defensive Ethiopian forces there and the battle goes on." (Reuter)

French, German threats to Fiat deal

BY PAUL BETTS ROME, Sept. 18.

FIAT'S CHANCE of winning a £1.3bn. contract to build a 100,000 cars a year plant in Algeria was to-night said here to be at risk, following reports that both Renault and Volkswagen are now re-entering the race for the Algerian deal, with direct Government backing in the case of Volkswagen.

The West German Economics Minister, Herr Hans Friderichs is to lead an industrial mission to Algiers this week, while Renault is now understood to be pressing the French Premier, M. Raymond Barre, for assistance in their attempts to secure the contract.

Sig. Giovanni Agnelli, chairman of Fiat, has indicated that his Turin group had been favoured by the Algerians on the technical aspects of the deal, but the contract still hinges on Italian Government facilities for foreign exchange funding.

A Fiat source told the Financial Times to-night that the deal now depended exclusively on the Italian Government providing export credit arrangements for the contract. This would be on a phased basis, covering about five years and involving roughly £270m. a year. He emphasised that an early decision by the authorities was important.

Fiat, however, remained optimistic that this major deal with Algeria will go through. The Italian authorities have so far repeatedly delayed taking a decision over the credit lines for the Fiat deal and for two other major Algerian projects involving Italian companies.

The two other Italian deals include an under-water natural gas pipeline between Algeria and Italy to be built by the Italian state-controlled pipeline laying concern, Saipem, and a Pirelli contract to build a tyre factory near Algiers.

Growing impatience on the part of the Algerian authorities over the Italian delays are understood to have revived Renault's and Volkswagen's hopes for the car projects.

Ironically, Fiat's difficulties come at a time when Italy's short-term economic outlook is improving. Preliminary reports indicated to-day that Italy's monthly payments account for August is expected to show a surplus of between L1,000bn. and L1,200bn. or about £800m. The August surplus, the result of a record tourist year and a marked reuction in import, leaves Italy's balance of payments after the first eight months of this year with a surplus of L350bn. or about £230m., compared with a deficit of more than L1,000bn. or about £700m. for the same period last year.

At the same time, the Italian authorities are expected to pay back $300m. to the International Monetary Fund this week as a part repayment for a 1974 loan. The authorities have already repaid on schedule this year $500m. to the Bundesbank and $825m. to the IMF in sharp contrast to the protracted negotiations for a new IMF $530m. loan

Carter wants Palestinian 'entity'

WASHINGTON, Sept. 18.

PRESIDENT Carter has told a group of editors that he prefers a Palestinian "entity" associated with Jordan and that *he never sought an "independent" nation for the Palestinians.* "I have never called for an independent Palestinian country."

He said his preference would be for a Palestinian "entity" on the West Bank of the Jordan "associated with Jordan."

Last March Mr. Carter became the first American President to call for a "homeland" for the Palestinians who "have suffered for many, many years." After a meeting in May in Geneva with President Hafez Assad of Syria, Mr. Carter again said "there must be a resolution of the Palestinian problem and a homeland for the Palestinians."

Egypt to accept single Arab Geneva delegation

BY MICHAEL TINGAY CAIRO, Sept. 18.

EGYPT has adjusted its position on the acceptance of a unified Arab delegation for the Geneva conference, responsible and well informed sources said here to-day as Mr. Ismail Fahmy, the Minister of Foreign Affairs, left for the United States via Paris where he arrived to-day.

Egypt would now be prepared to accept participating in a single Arab delegation if this would help to get the parties in the Middle East conflict to the conference table, the sources said. Until last week when the Carter Administration revealed its acceptance of the idea of a single delegation. Egypt had resisted the notion on the grounds that it would inhibit negotiating flexibility.

Syria's President Hafez Assad has this year favoured the idea of a single Arab delegation for Geneva as a means of getting the Palestinians to the conference table. Although Mr. Sadat had in the past accepted such a plan, he has been adamant until this moment that the Arabs would have to have separate delegations.

Mr. Sadat's reasoning behind this change of position, analysts said, was yet another effort to give President Carter manoeuvring room. The American idea of the unified delegation is no more than a compromise on procedure, a compromise which indicates just how desperate both Mr. Sadat and President Carter are to get the Geneva conference going, whatever its chances of success.

Palestinians postpone meeting

By Louis Fares

DAMASCUS, Sept. 18.

PALESTINIAN LEADERS met in Damascus on Saturday night to inaugurate the second meeting of the PLO's Central Council in less than three weeks. But the meeting was suspended only 15 minutes after it started on request of PLO chairman Yasir Arafat who sent a message to the 55 members of the council saying that he could not attend because of the situation in southern Lebanon.

The purpose of the meeting on Monday is to try to adopt a common attitude to the current international efforts aiming at establishing peace in the Middle East, and in particular to the recent U.S. proposals and suggestions. But in Arab and Palestinian circles here, nobody seems to expect the Palestinians to make any concession

Bitter kidnap debate emerges in W. Germany

BY JONATHAN CARR BONN, Sept. 18.

THERE were growing signs in West Germany this week-end that a bitter inter-party dispute over terrorism and internal security will erupt once the affair of the kidnapped industrialist, Dr. Hanns-Martin Schleyer, has ended.

Until now the major parties have largely refrained from attacking one another over the security issue so long as Dr. Schleyer, aged 62, remains in the hands of his captors. But with the kidnapping now at the end of its second week and still no firm indication of when or how it will be ended, this truce is starting to evaporate.

In a speech in Bavaria the opposition Christian Social Union (CSU) leader, Herr Franz Josef Strauss, claimed that the "new left" provided the spiritual home for the terror movement in Germany. And in apparent reference to intellectuals of the left, Herr Strauss said that just as many crimes were begun with the pen and from the lecturer's desk as on the streets.

The Social Democrat party (SPD) chairman, Herr Willy Brandt, said that for the present he would not answer scandalous slanders made against the left over the terrorism issue. But he would return to them with necessary force at the appropriate time.

Carter says he has open mind on Lance

BY DAVID BELL WASHINGTON, Sept. 17.

PRESIDENT Carter said to-day that he is "keeping an open mind" about Mr. Bert Lance, his beleaguered Budget director, but added that he thought Mr. Lance had "enhanced his position" with his three-day appearance in Congress which ended last night.

In fact yesterday was the toughest of the three for Mr. Lance who was questioned persistently by Republican members of the Senate committee inquiring into various allegations of impropriety on his part while he was president of a small Georgia bank.

As before it was the question of the overdrafts that were extended both to himself and to members of his family, and his use of private aircraft belonging to another Georgia bank which aroused the most questions. For part of the day Mr. Lance seemed clearly on the defensive as Senators insisted that even if he had done nothing illegal, he had repeatedly "cut corners."

On balance however the three gruelling days of hearings, during which the members of the committee often fell to bickering among themselves and sometimes produced "allegations" backed by no evidence at all, may have helped Mr. Lance. Although some of his answers left several key questions unresolved, he conducted himself well and was able to dispose convincingly of some of the more serious issues.

At the same time he managed again and again to drive home the point which has been obscured these last few weeks, that he is not a "Watergate" figure, and in the process arousing considerable public sympathy for his position.

To-morrow the committee will hear evidence from members of its own staff in what may be a climactic session. Mr. Lance alleged that he had told these staff members in January of all the issues that have since returned to haunt him. Sen. Abraham Ribicoff, the chairman of the committee, has conceded that the initial investigation was "perfunctory" but it remains to be seen if the staff agree that Mr. Lance was as forthcoming with them in January as he now asserts.

Greek poll in November

BY OUR OWN CORRESPONDENT ATHENS, Sept. 18.

PRIME Minister Constantine Karamanlis has decided to call general elections in November, responding to the opposition allegations that his New Democracy party has lost much of its popularity and his government has failed to deal effectively with the country's problems.

A Government spokesman said that the Premier will tell opposition leaders to-morrow when he meets them separately at his home.

The Government's four-year term does not run out until November 1978.

Political observers here agree that Mr. Karamanlis is unlikely to match his landslide victory of November 1974 when he won 54 per cent. of the votes. In that election the issue was presented as "either Karamanlis or the return of the tanks." However, he should have no difficulty in securing a comfortable majority, for his achievements in the three years since he took over after seven years of military dictatorship have been considerable.

NEW YORK'S PRIMARY

A question of coalitions

BY JOHN WYLES NEW YORK, Se[pt.]

THE Democratic Party's protracted race for nomination for Mayor of New York totters to its climax to-day with the field whittled down from seven candidates to two and the odds in the primary run off slightly shaded in favour of congressional representative Mr. Edward Koch.

Since they emerged first and second in the initial September 8 primary with a combined total of less than 40 per cent. of the vote, Mr. Koch and his rival Mr. Mario Cuomo have had just 11 days in which to try to put together the necessary formula for victory. This seems likely to be an intriguing blend of public appeal and power broker support.

The prize for to-day's victor is the strong certainty of election in November for a four year term in city hall. Though the Republican candidate must never be written off, New York is an overwhelmingly Democratic city and many of the registered Democrats polling to-day will do so with the conviction that they are choosing the city's next mayor.

However, such is the instability of Democratic politics these days that the true value of the variety of endorsements picked up by the candidates will only be clear when the election returns are in.

Certainly the uncommitted voters will have found little to choose between the candidates on their stand on issues. During a series of televised confrontations in the last week both have promised more policemen, a tougher line against crime and less welfare waste.

The backing of the Democratic party's organisation based on the neighbourhood clubhouses was once indispensable but, it failed to do the trick for Mayor Abraham Beame who was in losing third position on September 8. Both Mayor Beame and the organisation are no[w] ... support for Mr. Koch, [a] lawyer who built his ... an anti-organisation sta[nce] ... Koch claims that he ... mised nothing but "co... to these and others w[ho] rallied to his flag t[his] week, including Mr. ... Badillo, the Puerto Ric[an com]munity's losing candidat[e in the] first primary.

In some campaigns i[n] year such a line up wou[ld be] virtually guaranteed vic[tory] ... Mr. Cuomo who is New [York] Secretary of State, has ... a base which may prove formidable. He is a Catholic of Italian orig[in] ... has the backing of Congresswoman Bella ... who was once the favo[urite to] beat Mayor Beame.

Smith dr... internal settleme[nt] plans

U.K. to p... Europe o... sugar pac...

U.S. outpu[t] fell in Aug...

port curbs feared as goslav deficit soars

BELGRADE, Sept. 18.

st released by the stical Office here re- oslav foreign trade ight months of 1977 and indicate that restriction measures oon.

deficit in eight nted to $3bn. more he deficit of $1.5bn. Exports at $3.4bn. per cent. above last alue but less by export prices in- er cent. in seven

owever, at $6.4bn. per cent. of which er cent. can be by price increases. e earnings are not ease this year, due ss stagnating earn- oreign tourists and av workers remit- to be assumed that of payments which favourable by a will be in the red about $1.5bn. serves at the end of last year amounted to $2.7bn. but this year they may be run down.

The biggest increase, 61 per cent., was in the imports of consumer goods, but they still account for only 13.35 per cent. of the aggregate. More important are imports of equipment, (25.67 per cent.) up 48 per cent. and production materials (60.98 per cent.) up 29 per cent.

Restrictions are most likely to hurt consumer goods, but not much foreign exchange can be saved in that sector. Curtailing imports of equipment would be more difficult in view of it being supplied under long-term contracts.

Regarding production materials which are the feedstock for Yugoslav industry including export oriented ones, something could be achieved in view of the fact that companies have by now replenished their stocks and that high rates of growth of industrial production of close to 11 per cent. will probably subside now. Those high rates explain the surge in imports.

Another factor was the fear of the enterprises that for various reasons they would not be able to import as much as they wished later in the year so that they were buying more than they immediately needed.

It is probable that if restrictions are introduced they will in the first place refer to imports from the hard currency area, with which the deficit amounted to $2.7bn., and especially imports from developed countries which bought Yugoslav goods worth $1.4bn., while selling goods to the value of $3.7bn., which gives a deficit of $2.3bn.

That means that for each dollar's worth of exports to them Yugoslavia bought almost three dollars worth of their goods. At that, the ratio is much more favourable with the U.S. and some other countries than with the EEC. Therefore Yugoslavs may decide to buy more in the countries with which the exports to imports ratio is less bad.

GENEVA TRADE TALKS

Gatt negotiators under pressure to succeed

BY DAVID EGLI IN GENEVA

ONE of the standard passages in the set speeches produced by the director-general of the GATT (General Agreement on Tariffs and Trade) over the past few years has concerned the need to move forward in trade liberalisation in order to avoid a backward slide into protectionism.

As long as world trade continued to prosper this warning was taken rather lightheartedly in the various capitals of the major trading countries. But the slump in world trade, with an actual decline in 1975 and an average yearly growth rate of about 4 per cent. over the past four years compared with 8.5 per cent. in the preceding decade, accompanied by recession and rising unemployment, has produced just that combination of factors which Mr. Olivier Long has been encouraging Governments to avoid.

The point is stressed in the unusually blunt report on international trade prospects prepared by the GATT secretariat. Without a clear return to more liberal trade practices, it says, the stage would appear to be set for a further cumulation of economic difficulties.

Proliferating trade restrictions, which GATT sees as the official endorsement of an unwillingness to adjust which is weakening the recovery and growth capacity of industrial economies, is now the sombre backdrop for the final phase of the protracted multilateral trade negotiations launched without great enthusiasm well before the latest recession.

As a result the attention is now fixed firmly on the extent to which a successful conclusion to the talks will help to curb the growing number of trade disputes liable to lead to further relatively protectionism.

The new American Administration has very clearly taken the lead in what may be seen as a new determination to get the negotiations concluded within the next year — and earlier if possible.

The first and most essential step in this direction was the patching together of an agreement with the European Community on a modus operandi. This was achieved in a rapid visit to Brussels by President Carter's Special Trade Representative, Mr. Robert Strauss. As a result, a timetable for the preliminary work setting the ground for the final negotiating phase has been set. This will keep delegations here busy until next January 15.

There are essentially four aspects to the work which is now beginning through an intensive series of bilateral negotiations in Geneva. Mr. Alonzo McDonald, appointed American negotiator the next month, and the newly ... It is hoped that a tariff cutting formula can be agreed on within ... has already indicated U.S. willingness to meet the European Community at least half way.

Specifically, Washington is prepared to reduce substantially its original tariff cut target and "is considering the possibility" of a higher degree of tariff harmonisation than was included in its original formula.

Tied to this issue in the first phase of the work is the working out of an agreement on how to deal with countries which do not subscribe to the overall tariff formula, as well as specific instructions on how agriculture is to be handled and a tightening up of the presently rather vague positions that the industrialised countries have taken with respect to demands for special treatment by the developing countries.

In a parallel effort, also to be completed by the end of the year, it is hoped that all participants in the multilateral trade negotiations will table requests. These will concern tariff cuts on agricultural produce, industrial tariff reductions requested by countries not subscribing to the overall formula, and request on all non-tariff measures not subject to codes which are being worked out within the framework of the talks.

Government procurement, standards, export subsidies and countervailing duties may all be subject to such codes, and it is hoped that near-final texts concerning these areas will be on the negotiating table very early next year.

Finally, it is hoped that offers of concessions on industrial tariffs complete with tariff schedules, and on agricultural produce on an item-by-item basis, will be handed in by January 15. The final phase of the negotiations could, thus, begin on January 16, with the aim of concluding the talks by the summer of next year.

The pace will be demanding, particularly as from the New Year, and it remains to be seen whether the European Community will be able to keep in step.

Mr. Strauss is insisting that the end result will have to be a comprehensive package and not a "mini-package." But other delegations here appear to doubt the potential at this stage for achieving the sweeping trade liberalisation originally aimed at.

Most feel that although the final agreement will have to include a bit of everything, the terms will be at best modest. This is now of lesser importance. Governments, it is felt here, must show that they can agree on moves towards freer trade despite hard times, heavy domestic pressure and a deteriorating climate for the conduct of international trade.

racts

ical Handling has ived orders in ex- or two major postal projects. The first Canadian Depart- ply and Services— he Canadian Post a major postal project at two in Montreal. The rom the Ministry of es and Transport in he supply of parcel, etter handling and ment for the new in Kingston. valued at $8.5m. over the next five years—claimed to be the largest single Federal procurement for computer terminals.

lercury of Halifax. s won a £1m. order tractors and airtugs nd for the first time ortant markets of ing North Africa. to the North Afri- has come with an around £200,000 for La Ghoulette in n STAM (Societe d'Acconage et de

se company is to eet drydock at the rtland after sub- apparently low bid port officials said. bid was submitted ima Harima Heavy f Tokyo. The bid wer than the closest submitted by Mitsui and Shipbuilding. rs had estimated a m.

ashua Operations— ders Data Systems) order from the U.S. gistics Agency for ve terminal systems

● Central and Sheerwood's subsidiary, Newton Chambers Engineering, has recently signed an agreement with Russia giving the company the British rights to engineer and supply complete plants for the dry quenching of coke. These high technology plants, which are worth millions of pounds, are based on very considerable Russian experience and will be manufactured at Newton Chambers Engineering works in Sheffield and assembled and commissioned on site by trained personnel.

● Taiyo Fishery of Japan has concluded an estimated $40m. barter contract with the Soviet Union to import whale meat and fish in return for exporting fish canning and fishing net-manufacturing plants and refrigerated warehouses.

● Wells Fargo Bank has headed a consortium of 32 international banks in lending $100m. to the Sudan to finance its cotton exports, Mideast Report, a New York-based publication, says in its latest issue. The loan has a term of nine months or less and is at a rate of 2 per cent. above the London interbank offered rate.

● Northrop said its subsidiary, Northrop Worldwide Services had received a two-year contract valued at more than $60m. to provide management and base support services for the Imperial Iranian Air Force base at Khatami, Iran.

Success of boycott claimed

NICOSIA, Sept. 18.

MR. MOHAMMED Ahmed Mahgoub, commissioner-general of the Arab Boycott of Israel, said here that 80 per cent. of world companies have abided by boycott regulations.

The Saudi State radio, monitored here, said Mr. Mahgoub made the statement to the Saudi Press Agency. "The success in having these companies to heed boycott regulations was a result of the Arab countries "clear commitment to the regulations," he said.

Foreign companies that deal with Israel are banned from dealing with Arab countries in accordance with the boycott regulations.

Mr. Mahgoub said a recent review by a special boycott committee indicated that the boycott "has completely achieved its goals."

Several British, U.S. and German companies which had been negotiating with Israel recently stopped these dealings in response to boycott regulations, Mr. Mahgoub said.

He added that 600 foreign companies have moved out of Israel in recent years as a result of boycott pressure.

AP-DJ

d Economic Indicators

UNEMPLOYMENT

	Aug. '77	July '77	June '77	Aug. '76
000's	1,413.9	1,393.8	1,352.8	1,307.4
%	6.0	5.9	5.7	5.5
000's	208.7	201.4	186.4	213.3
%	5.4	5.2	4.8	5.6
000's	963.0	972.7	931.0	987.4
%	4.3	4.3	4.1	4.1
000's	6,900.0	6,700.0	7,000.0	7,500.0
%	7.1	6.9	7.1	7.9
	July '77	June '77	May '77	July '76
000's	1,215.0	1,150.0	1,696.7	801.0
%	5.5	5.2	5.0	3.5
	June '77	May '77	April '77	June '76
000's	246.7	251.3	252.6	158.4
%	9.5	9.7	9.7	6.0
	April '77	Jan. 77	Oct. 76	April '76
000's	1,432.0	1,459.0	777.0	693.0
%	6.7	6.8	4.0	3.6
	Oct. '76	Sept. '76	Aug. '76	Oct. 75
000's	1,000.0	1,010.0	1,030.0	1,030.0
%	1.8	1.9	1.9	1.9

Whisky jobs claim void

By Kenneth Gooding

THERE IS NO evidence to support the claim currently being made by some trade unionists that the export of Scotch whisky in bulk is costing 6,000 jobs, declares a report from Economic Associates to-day.

The ending of bulk shipments of blended whisky could, at most raise employment in Scotland by about 1,400, but about 800 is a more likely figure, the report's author Mr. Tom McKitterick states.

The loss of overseas earnings would be small on the most favourable assumptions, but could be as much as £19m.

The ending of shipments of bulk malt whisky from Scotland would cause a slight reduction in employment and would lose £19m. in earnings.

If both were ended, the aggregate loss of earnings would be £19m. on the best assumptions and £38m. on the less favourable.

The report comes at a time when the debate about bulk whisky exports has become much more heated. MPs and trade unionists in Scotland have been publicly calling for an end to this type of trade while the Government is also being pressed to do something by the Scotch Whisky Combine Committee which claims to represent employees in the whisky and associated industries.

The report examines the arguments against bulk shipments and concludes that, while they are partly valid, the best interests of the industry—and of the British balance of payments —would be served by allowing both forms of bulk exports to continue.

Bulk Whisky: the Export Trade, £40: Economic Associates, 33, Cork Street, London, W.1.

Leyland German sales managing director

BY TERRY DODSWORTH

BRITISH LEYLAND has taken a further step towards the reorganisation of its German sales company with the appointment of Mr. John Gardner as managing director.

Mr. Gardner, a 37-year-old economist was formerly European car marketing director at Leyland International, the corporate division which controls the overseas dealer network.

Leyland has owned its German distribution organisation for about a year, following the acquisition of the former Bruggemann company which ran the system up to that point.

In the past, Leyland has had a disappointing record in Germany, which has the biggest car market in Europe and has been invaded quite successfully by a number of other importers.

More recently, however, it has seen its market share improve, despite the shortage of supply of the bigger executive-type cars which it believes have a particularly hopeful future on the Continent.

In the first six months of 1977, Leyland's penetration in Germany increased overall by 16.1 per cent., from 6,349 units in 1976 to 7,374. The biggest individual improvement was made by the Mini, with sales jumping by 65 per cent. to a total of 3,034.

Turner and Newall expands in Nigeria

FINANCIAL TIMES REPORTER

Turner and Newall is to expand its production capacity for construction materials and is extending its plans to build an automotive components factory in Nigeria, at a total cost of around £8m.

The capacity of Turners Building Products (Emene) in Anambra State is to be increased at a cost of over £2.5m. from 22,000 to 47,500 tonnes per annum by the installation of a second machine for the manufacture of asbestos-cement sheet and the erection of a new asbestos fibre store.

In Kaduna State the plant of Turners Building Products (Arewa) will be similarly extended, from 20,000 to 49,000 tonnes per annum, by a new asbestos - cement sheeting machine at a cost of over £3.5m.

The cash required for the Anambra State expansion has been locally generated, and the Kaduna expansion will be funded partly by the issue of shares to existing partners and partly by local loans.

The new facilities will help to meet the demand for building materials in Nigeria, which is growing at the rate of 12 per cent. per annum, and also to catch up with the backlog of construction work in the country.

Asbestos-cement is more suitable for the roofing and cladding of buildings in tropical countries than most of the alternatives; it is non-corrodible, cooler and it has a lower import content (90 per cent. of the final product is locally produced cement). Both asbestos-cement plants are expected to come on stream early in 1979.

The company has also decided to expand its original plans for a factory at Ibadan to manufacture brake linings, disc brake pads and gaskets. Turners Engineering Products (Nigeria) is now expected to spend £2m. on them by 1979, funded partly by shares already subscribed and partly by a local loan. The company has a 60 per cent. interest in all three companies.

Boatbuilders again call for VAT cut

BY STUART ALEXANDER

NEW CALLS to the Government to reduce the rate of Value Added Tax are being made by the boat-building industry.

As the Southampton Boat Show opens to-day there are signs that the export lifeline of the past two years is failing, forcing the industry to look once more for a firm home base.

The show is well supported by more than 400 exhibitors, but behind the bunting there is apprehension over what could be a difficult autumn.

In recent years, boat builders have looked to exports to compensate for slack home sales, benefiting at the same time from the weakness in sterling.

This has proved only a temporary haven from the recessional storm, however, as markets such as Scandinavia and Italy have dried up while in France, local producers have responded to the British challenge.

There has been a similar reaction in the U.S., where freight rates have, anyway, proved a severe disadvantage. Sales in Germany, Holland and Belgium have merely been maintained at their previous levels.

Although exports are estimated at £108m. for this year, compared with £81m. in 1976, the whole industry is not expected to achieve a turnover of more than £230m., compared with £201m. last year.

This means that turnover on the home market will have increased only fractionally in 1977 — and that implies a drop in volume sales. Re-equipment sales continue firm, but this only reinforces the implication that there will be no volume increase in new boat sales.

Outboard motors have proved a thin market and one which is likely to be competitive. From 36,000 units in 1974, sales dropped to 15,000 last year, yet the main overseas manufacturers feel so strongly that Britain is the key to a resurgence in European sales that they have recently set up their own sales organisations here.

The greatest worry for U.K. manufacturers, though, is the weakness of home market new boat sales. Major producers have geared up to meet Continental demand, leaving them with over-capacity which can only be taken up by a renewed strong home market base.

The new call for a reduction in VAT from 12½ per cent. is a clear sign that British manufacturers need a boost to production and cash flows after the excitement of European activity.

The Southampton Boat Show, which runs until Saturday, is expected to be a key barometer of both domestic interest and ability to buy. The main areas of interest are expected to be in the 25 ft. to 35 ft. range of boats, both power and sail.

More Home News on Page 29

Small-home loans scarce

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

BUILDING SOCIETIES are not compensating for the drop in local authority mortgage lending because of public expenditure cuts, the Association of Metropolitan Authorities claimed yesterday.

Mr. John Mills, the association's housing committee chairman, said that a survey of its members showed that there were still difficulties because many societies refused to help home buyers at the lower end of the market.

"Few members are really satisfied with the situation. Most report difficulties and the majority regret the curtailment of the local authority role as "lenders of last resort." Very few consider the support lending scheme provides anything like an adequate substitute for direct council mortgages."

The association's inquiries showed that, although building society lending had been rising in a sector once handled by local authorities, they still showed an unwillingness to lend on older or unimproved property, particularly in inner city areas.

Post Office drafts code of practice

By John Lloyd, Industrial Staff

THE POST OFFICE has completed the first draft of a code of practice, stating the public's rights of redress against the corporation for errors which may embody new rebate provisions.

The draft is now being studied by the Post Office Users National Council, the statutory consumers' body. The council has put up a long list of proposed points for the code, some of which are not wholly welcome to the corporation.

The Post Office has few objections to codifying its complaints procedure. However, it is concerned about suggestions from the council that rebates should be mandatory for faulty service —a practice which is, at present, wholly discretionary.

The first draft of the code is thought to concede the possibility of telephone rental charges being repaid for a period when a telephone is out of service. But there appears to be no movement towards any rebate on lost or damaged letters or parcels.

The Post Office has emphasised in the past the difficulties of ascertaining whether a letter or package was damaged while in its care.

Car warranty plan by Fiat

By Terry Dodsworth

FIAT U.K. is launching a new warranty scheme for selected used cars. It will be available throughout its 350-strong dealer network.

Autocover, which follows the Fiat Mastercover plan for new cars, marks a further step in the manufacturers' struggle to win more sales by improving the guarantee of quality to the customer.

The plan breaks into two parts. The first, Autocover "A" may be applied to used Fiat vehicles less than three years old and with less than 48,000 miles on the clock at the time of sale.

The "B" scheme covers vehicles of any make up to five years old and with fewer than 48,000 miles recorded at the time of sale. Warranty work may be carried out by any Fiat dealer.

Poster plan defended

LONDON TRANSPORT has defended its decision to allow contraceptive advertisements to be displayed in underground stations and disclosed that it had suggested empty poster sites for the promotion to the advertisers.

Shoppers are buying dearer foods again

BY JOHN LLOYD

CONSUMPTION of dearer foods has generally recovered from the sharp fall in their popularity after the 1974 miners' strike. There is a trend away from cheaper foods.

An analysis of foods trends over the past three years in the September report of Market Intelligence (Mintel) says that "the last two years have seen a return to the pre-1973 pattern, when cheap foods were declining slowly as the nation was becoming wealthier."

Mintel's list of cheap foods includes white bread, porridge, sausages and chips. Sales of these grew in volume by 5 per cent. in 1974, but lost that increase in 1975-76.

The expensive foods—including poultry (other than broilers), breakfast cereals and dressings —saw a 15 per cent. drop in sales in 1974. That decline has since been reversed and in some cases —fruit juice, cereals and honey, for example—previous sales have been exceeded.

The survey displays, the close relationship between falling volume of sales and price rises where a clear product alternative exists. This was especially the case as between butter and margarine, and among beef, lamb, pork and chicken.

In canned foods, there was a high elasticity of price, with a 1 per cent. rise in price showing virtually a 1 per cent. drop in sales. Coffee sales declined by 15 per cent., while prices rose by 20 per cent. The report suggsts that after the price rises of 1977, there may be a further 15 per cent. decline in volume.

● J. Sainsbury, the supermarket group, is cutting the price of all its own-label ground coffees and coffee bean blends from to-day. A 4-oz pack of pure ground coffee will go down from 76p to 69p and the 8-oz pack of coffee and chicory mixture from £1.20 to £1.06.

Greenwell forecasts new growth in money supply

BY MICHAEL BLANDEN

RENEWED GROWTH in money supply is expected in the coming months by stockbrokers W. Greenwell after last month's standstill.

In its latest monetary bulletin Greenwell argues that the figures for August were "erratically low." Looking ahead, it says: "We expect monetary growth to recover in the month to mid-September and probably also in the month to mid-October, in spite of the large calls on gilt-edged stock already sold."

Two factors

The Bulletin singles out two factors likely to be important in the immediate future. In the September banking month the inflow of funds across the foreign exchange markets would be very important. In the following month, the money supply would be boosted by a central government borrowing requirement likely to be erratically high to reflect the income-tax rebates.

Figures published last week showed that the sterling element of money supply on the wider definition (M3) was virtually unchanged on a seasonally-adjusted basis in the month to mid-August.

Greenwell draws attention to the special factors which helped to keep the figure down, including an erratically low Government borrowing requirement.

Recent inflows of foreign currency to the U.K. were bunched in a way which meant they largely missed the August banking month, it says.

Looking at the recent performance of the stock markets, Greenwell says they are unusually unstable. With heavy calls due on partly-paid gilt-edged securities (£1.5bn. in the next six weeks) the gilt-edged market could fall if for any reason the big institutions decided to postpone investment of their surplus new money.

Industrial map of Manchester

THE INDUSTRY of Greater Manchester should be plotted onto large-scale maps by the end of the year. This is the target set by the publishers, Market Location, which is gradually mapping the whole of British industry.

The maps, giving seven inches to the mile will cover the county of Greater Manchester. It is expected that between 10,000 and 15,000 industrial buildings will be shown.

Phase Two pay rises below 10%

By Peter Riddell
Economics Correspondent

CONFIRMATION THAT the increase in average earnings during the full 12 months of Phase Two of the pay policy was comfortably below 10 per cent. will be provided by official figures published to-day.

Otherwise, the main economic indicators due to be published this week are unlikely to provide as comforting reading for the Government as last week's combination of favourable retail and wholesale price indices and a record current account surplus.

The main figures are unemployment for mid-September and gross domestic product for the second quarter, both due tomorrow, and revised estimates of capital investment and stocks for the second quarter, due on Thursday.

Average earnings rose by 8.9 per cent. during the first 11 months of Phase Two. The outcome for the full year is likely to be between that figure and 10 per cent. The 12-month rate of increase reported in June was 9.7 per cent.

The rise in the index between June and July may have been held down to some extent by the postponement of agreements until after the end of Phase Two.

This compares with an original Government projection of a rise of around 7½ per cent. While some of the difference is explained by higher than expected overtime, there may also have been some slippage and earnings drift as workers moved between companies.

The indicators of the real economy have not been encouraging in recent months with Gross Domestic Product falling in the second quarter according to the initial estimate based on output data.

This has had the result that unemployment has started to rise steadily again after levelling off for much of the winter and early spring.

In August, the total number of adults out of work in the U.K. was 1.41m., seasonally adjusted, or 6 per cent. of the workforce. Most economists expect a further rise until well into next year.

Newspaper price rise

SATURDAY editions of the London Evening News will cost 10p from next week.

This is due to "vastly increased production costs," said the newspaper, part of Associated Newspapers.

The News recently increased its Monday-to-Friday price to 8p.

Gatwick flights to be increased

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS plans to make much more use of Gatwick Airport, with scheduled services to five major overseas cities—Copenhagen, Dublin, Dusseldorf, Frankfurt and Zurich—to be launched from it in April.

This is to help the Government's plan to raise the status of Gatwick, and to use more fully the capacity of 16m. passengers a year which it can handle after its £100m. modernisation scheme.

But at the same time, the airline is concerned at the growing number of independent companies seeking to fly scheduled services between Gatwick and overseas destinations and it is moving rapidly to ensure that it is not pushed off these routes.

Airlines which already fly to the Continent from Gatwick include British Caledonian and Dan-Air Services. But British Island Airways and others are applying for routes out of Gatwick, and it is feared that, unless British Airways moves now, it could find itself faced with heavy competition.

The airline has appointed Mr. Charles Stuart, head of c[...] cial planning and pricing, chairman of a new [...] development group, resp[...] for preparing plans for use of Gatwick, and imp[...] ing them.

Mr. Ernest Carroll, at[...] the operations devel[...] manager, customer servi[...] become "Gatwick co-ordi[...] responsible for ensuri[...] smooth relationships [...] expanding scheduled, [...] and passenger services [...] airport.

An important task [...] British Airways is to [...] the Civil Aviation A[...] from altering all its [...] licences, and stop it from [...] scheduled services from [...] wick.

At present, its licence[...] only to "London," wh[...] airline takes to mean tha[...] use either Gatwick or He[...] or both, as it chooses.

British Caledonian, [...] has asked the Autho[...] amend the licences [...] "Heathrow."

Trident cracks will take more time

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

REPAIRS TO the 19 Trident Three jets of British Airways grounded because of cracks in their wings are expected to take longer than originally expected. The last of the aircraft is not likely to return to the fleet until around next February.

This is likely to cause the airline considerable problems in fulfilling schedules during the next few month, and it may have to charter aircraft from other operators, or perhaps buy a small number of second-hand Boeing 727 or 737 jets.

The effects on the airline of the shortage of aircraft are at present being masked by the continued strike of air traffic control assistants, which has cut the flights the airline can make by about 40 per cent., obliging it to consolidate some flights and cancel others. The strike is costing British Airways well over £1m. a week in lost revenue.

When the strike is over and the airline returns to a full flight schedule, the aircraft shortage will become acute. It will then have to look for substitutes.

The Trident faults came to light some weeks ago during routine inspections. Th[...] of 25 jets was groun[...] once for tests, but subse[...] about half resumed fly[...]

However, further rigorous tests un[...] additional cracks, whic[...] more serious than ha[...] expected. These have [...] resulted in the ground[...] 19 aircraft, for much [...] extensive repairs and [...] fications.

These are being carri[...] by British Airways' engineering workers at [...] row Airport and by the [...] facturers, Hawker S[...] Aviation, at Hatfield.

Repairs mostly take t[...] of putting support pl[...] each wing to strength[...] area where the crack [...] been found.

The airline is also co[...] for the longer term b[...] caused the cracks in t[...] place, and whether this [...] Trident Threes will [...] shorter working life t[...] earlier Tridents.

If this is so, it is b[...] expedite the airline [...] equipment plans. N[...] Tridents would be exp[...] have remained in serv[...] 10-15 years.

LABOUR NEWS

…sh looms …eforms …eyland

…Smith, …Correspondent

…CABS has placed … a collision course … 20,000 workers at … Birmingham, a … leader of the Amal… …nion of Engineering …arned last night.

…y Duffy, the Right… …idate in the AUEW …l elections said that … the company about … relations reform …d an impasse.

…ongbridge workers, …nned strike collap… …a promise of con… financial benefits …reforms, would not …l unless the money …oming by November …ly maintained.

…o resolve the grow… …s between the in… the skilled men. …presented by the …ed the production …rincipally from the … and General Wor… …on, will be made …

…anual employees' …arty will meet in …n an atmosphere of …owing the TGWU …rds' rejection of the …ciples of the com… …posals. The tool… …re still conversing …a further industrial …

…ill hold discussions … representatives of … production workers … the wake of the ten …workers' strike. The … workers have pro… …e £150 paid to tool… the settlement and …ling similar compen…

ACAS 'not a block to pay rule breach'

BY NICK GARNETT, LABOUR STAFF

THE ADVISORY and Conciliation and Arbitration Service said yesterday that if a union and an employer together agreed to break the 12-month rule to settle a dispute, ACAS, as conciliator, would not stand in their way.

The same would also hold true for an issue involving the Government's post-Phase Two pay guidelines. But in both cases ACAS would remind both sides of the attitude of the Government and the TUC on pay. It would instruct the two sides to seek clarification with the respective authorities, the Department of Employment, CBI or TUC.

Mr. Andy Kerr, the service's chief conciliator, also made it clear that ACAS would not refuse to act in a conciliation role on an issue involving the 12-month rule.

The service had declined a request from the Civil and Public Services Association to conciliate in its dispute over an air traffic control assistants' pay claim which the Government says breaks Phase Two. The request had been rejected not because it involved a pay policy matter but because ACAS believed the attitude of the employers, the Civil Aviation Authority, gave the service no room for manoeuvre.

There were a large number of grey areas, usually involving fringe benefits, connected to Phase One and Two settlements on which ACAS conciliated and the service believes these grey areas will grow much larger now that formal pay policy has ended.

The Government would probably have to look at the situation case by case, said Mr. Kerr. ACAS, as an independent service, would not be the enforcer or the interpreter of pay policy.

Playboy probe broke law

BY OUR LABOUR STAFF

THE Advisory, Conciliation and Arbitration Service has admitted breaching a regulation set out in the Employment Protection Act when it dealt with a union recognition issue at the Playboy Club in Park Lane, London.

ACAS has now agreed to declare its report void recommending recognition of the Association of Clerical, Technical and Supervisory Staffs, the white-collar section of the Transport and General Workers' Union, for collective bargaining for gaming staff at the club.

It has also offered to pay the legal costs of the club which issued a writ against the advisory service after the report was produced.

The service, however, under *obligations enshrined in the Act*, intends carrying out a further survey of employee opinion on whether the union should be recognised at Park Lane.

ACAS broke Employment Protection Act regulations by not including in its questionnaire the Playboy Staff Association which was formed only a few weeks before.

Solicitors for ACAS and the Playboy Club are now discussing a second survey

Grunwick pay claim to be heard

By Our Labour Staff

THE ASSOCIATION of Professional, Executive, Clerical and Computer Staff, the union involved in the Grunwick dispute, will have an application on wages and conditions at the factory heard by the Central Arbitration Committee early next month.

The union, which has a number of members working at the north London film processing company, has made the application under Schedule 11 of the Employment Protection Act.

Under that regulation, the committee can order a company to improve terms and conditions of employment if it finds that they are inferior to those generally offered to employees at factories operating in the same trade, in the same type of area and under similar circumstances.

Mr. Roy Grantham, the union's general secretary, believes the union can show that the company's overtime arrangements, overtime and sick pay and holidays are inadequate in comparison with other film processing companies. Grunwick says its conditions are far more favourable than many in the industry.

The committee has no power to enforce its findings, but employees can bring a prosecution against a company for breach of contract if the committee's findings are not implemented.

Dockers deal

Merseyside dockers voted to accept Phase Two pay rises at a mass meeting yesterday.

Print talks

The national council of the National Graphical Association will discuss the Westminster Press closed-shop dispute on Wednesday.

…'S FINANCIAL DIARY

…owing is a record of the principal business and financial …s during the week. The Board meetings are mainly …ose of considering dividends and official indications are … available whether dividends concerned are interims or … sub-divisions shown below are based mainly on last …able.

. TO-DAY
…MEETINGS—
…). Royal Automobile Club.
…stment Trust. New Court. Lane, E.C., 11.30
…ds. 1
…ETINGS—
…d Fargus
…rust
(Addlestone)
…lectrical)
…t
…ring
…ev) International
…Mines
…ing Investments
…ing
… INTEREST PAYMENTS—
…oup 0.4745p
… Associated Ln. 3¼pc
…d Wolfram 2.5p
… Tst. 1.875p
…06976p
… 0.715p
…s 0.85 and 0.0211p
…0.9804p
…iam) 1.7535p
…s and Jefferies 5½pcPf.
…ies 3.5pcPf. 1.75p

Tanlong Tin Dredging 2p

TOMORROW

COMPANY MEETINGS—
Airfix Inds., Royal Garden Hotel, W., 2.30
Allied Colloids, Bradford, 12
Amalgamated Distilled Prods., Glasgow, 12
London and Gartmore Investment, 2, St. Mary Axe, E.C., 3

BOARD MEETINGS—
Finals:
Elder Smith Goldsbrough Mort
Ricardo Engineers
Scholes (George H.)
Interims:
Bank of Scotland
Boxycote International
Kleinwort Benson Lonsdale
Law Land
Le Bas (Edward)
Liberty
Matthews (Bernard)
Menzies (John)
Fitard Group
Silvermines
Sparrow (G. W.)
Wadkin

DIVIDEND & INTEREST PAYMENTS—
Amalgamated Distilled Prods. 0.25p
Cameron (J. W.) Dbs. 2¼ 3¼ and 3½pc
Colmore Invest. 1.795p and 0.0276p
Gold Fields Property 5.27545p
London Sumatra Plants. 2p
M and G American and General Fund Income Units 0.5p
M and G Magnum Fund Income Units 2.5p
Massmutual Mortgage and Realty Investors 31 cts.
Norton W. E. 0.30679p
Rothschild Invest. Tst. 8.27p

WEDNESDAY, SEPTEMBER 21

COMPANY MEETINGS—
Hillards, Bradford, 1
N.M.C. Investment, 25-35, City Road E.C., 12
Nigerian Electricity Supply, Management House, Parker Street, W.C., 11
United Dominions Trust, 14-20, St. Mary Axe, E.C., 12

BOARD MEETINGS—
Finals:
Dares Estates
Wades Departmental Stores
Westminster and Country Properties
Zetters
Interims:
Bell (Arthur)
Benrose
Brixton Estate
Eagle Star Insurance
Gibbs (Antony)
J B. Holdings
Laporte Industries
Plantation Holdings
Rio Tinto-Zinc
Rowntree Mackintosh

DIVIDEND & INTEREST PAYMENTS—
Ashfield 12⅞pcBds. Red. 21/9/77 £6.6491
Barking 12⅞pcBds. Red. 21/9/77 £6.6491
Basildon 12⅞pcBds. Red. 21/9/77 £6.6491
Chorley 12⅞pcBds. Red. 21/9/77 £6.6491
Darlington 12⅞pcBds. Red. 21/9/77 £6.6491
Epsom and Ewell 12⅞pcBds. Red. 21/9/77 £6.6491
Equity and Law Life Ass. 0.0921p
Greenwich 6¼pc Red 76-78 3⅛pc
Kettering 12⅞pcBds. Red. 21/9/77 £6.6491
Lambeth 12⅞pcBds. Red. 21/9/77 £6.6491
Lancaster 12⅞pcBds. Red. 21/9/77 £6.6491
Leeds 12⅞pcBds. Red. 21/9/77 £6.6491
Liverpool 12⅞pcBds. Red. 21/9/77 £6.6491
Luton 12⅞pcBds. Red. 21/9/77 £6.6491
Milton Keynes 12⅞pcBds. Red. 21/9/77 £6.6491
Newcastle-upon-Tyne 12⅞pcBds. Red. 21/9/77 £6.6491
Newport 12⅞pcBds. Red. 21/9/77 £6.6491
North Hertfordshire 12⅞pcBds. Red. 21/9/77 £6.6491
North Wolds 12⅞pcBds. Red. 21/9/77 £6.6491
Norwich 8⅞pcBds. Red. 21/9/77 £4.2916
Orkney Islands 12⅞pcBds. Red. 21/9/77 £6.6491
Preston 12⅞pcBds. Red. 21/9/77 £6.6491
Redbridge 12⅞pcBds. Red. 21/9/77 £6.6491
St. Albans 12⅞pcBds. Red. 21/9/77 £6.6491
Salford 12⅞pcBds. Red. 21/9/77 £6.6491
South Derbyshire 12⅞pcBds. Red. 21/9/77 £6.6491
Strathclyde 12⅞pcBds. Red. 21/9/77 £6.6491
Sutton 12⅞pcBds. Red. 21/9/77 £6.6491
Waltham Forest 12⅞pcBds. Red. 21/9/77 £6.6491

THURSDAY, SEPTEMBER 22

COMPANY MEETINGS—
Burt Boulton, Brettenham House, W.C., 12
Carrington Investment, Birmingham, 11.30
Crouch Group, Surbiton, Surrey, 12
Crown House, Connaught Rooms W.C., 11.30
LRC Intnl., London Press Centre, E.C., 12
Magnet and Southerns, Manchester, 12
Malaysiam Tin, 138, Cheapside, E.C., 12
Nairn (Stewart) Group, Hinckley, Leicestershire, 12
Provincial Cities Trust, 52-56, Osnaburgh Street, N.W., 12

BOARD MEETINGS—
Finals:
Armstrong Equipment
Dowding and Mills
Ferry Pickering
GT Japan Investment Trust
Jentique
Kent (George)
Muar River Rubber
Interims:
Bowring (C. T.)
British Printing
Bury and Masco
Chersonese (F.M.S.) Rubber Estate
Delta Metal
Dunlop
General Investors and Trustees
Harris and Sheldon
Mackay (Hugh)
Newey Group
Perry (Harold)
Prudential Assurance
Ransomes Sims and Jefferies
Rowan and Boden
Small (John C.) and Tidmas
Spear and Jackson International
Vickers
Whittingham (William)
Wilkinson Warburton

DIVIDEND & INTEREST PAYMENTS—
Agricultural Mtg. 14½pcBds. Red. 22/3/79 7¼pc
Dobson Park Inds. 0.833p
Exchequer 9¼pc 1982 £2.73
Provincial Cities Trust 0.8178p

FRIDAY SEPTEMBER 23

COMPANY MEETINGS—
Alexander (Walter), St. Andrews, Fife, 12
Crest Int. Securities, 325, City Road, E.C., 11
Diamond Stylus, Llandudno, 12.30
Hampson Inds., Birmingham, 12
Unitech, Abercorn Rooms, E.C., 12

BOARD MEETINGS—
Final:
Walker (Thomas)
Interims:
Grampian Holdings
Southampton Isle of Wight and South of England Royal Mail Steam Packet
Ward White
Whatman Reeve Angel

DIVIDEND & INTEREST PAYMENTS—
Allerdale 10½pcBds. Red. 29/3/78 5¼pc
Amber Valley 10½pcBds. Red. 29/3/78 5¼pc
B.C.A. 0.6p
Banff and Buchan 10½pcBds. Red. 29/3/78 5¼pc
Bexley 10½pcBds. Red. 29/3/78 5¼pc
Braintree 10½pcBds. Red. 29/3/78 5¼pc
Brent 10½pcBds. Red. 29/3/78 5¼pc
Burt Boulton 6.5p
Chesebrough-Ponds Inc. 21 cts.
Cleveland 11½pcBds. Red. 21/3/79 5¾pc
Clydebank 11½pcBds. Red. 21/3/79 5¾pc
Corby 10½pcBds. Red. 29/3/78 5¼pc
Diamond Stylus 0.5065p
Dunford and Elliott Dbs. 2½ 3½ 4¼ 4½ 6 and 6¼pc
East Cambridgeshire 10½pcBds. Red. 29/3/78 5¼pc
East Devon 10½pcBds. Red. 29/3/78 5¼pc
Essex Water 3.5pc (fmly. 5pc) Cons. Ord. 1.75p. 3.5pc (fmly. 5pc) New Ord. 1.75p
Goodrich (B. F.) 33 cts.
Halton 12¼pcBds. Red. 19/3/80 6⅛pc
Hampson Inds. 0.475p
Hanson Trust 3¼pc
Hereford 11½pcBds. Red. 21/3/79 5¾pc
Hertsmere 10½pcBds. Red. 29/3/78 5¼pc
Highland 10½pcBds. Red. 29/3/78 5¼pc
Inveresk Group 1.375p
Investment Co. 0.952p
Islington 10½pcBds. Red. 29/3/78 5¼pc
Lochaber 10½pcBds. Red. 29/3/78 5¼pc
Lyons (J.) Ln. 3¾pc
Malaysiam Tin 2.1p
Maldon 10½pcBds. Red. 29/3/78 5¼pc
Manchester 10½pcBds. Red. 29/3/78 5¼pc
Medina 10½pcBds. Red. 29/3/78 5¼pc
North Warwickshire 10½pcBds. Red. 29/3/78 5¼pc
Nuneaton 10½pcBds. Red. 29/3/78 5¼pc
Pfizer Inc. 24 cts.
Roxburgh 10½pcBds. Red. 29/3/78 5¼pc
Sandwell 10½pcBds. Red. 29/3/78 5¼pc
Serck Db. 5¾pc
Shepway 10½pcBds. Red. 29/3/78 5¼pc
Sommerville (W. M.) 2p
South Staffordshire 10½pcBds. Red. 29/3/78 5¼pc
South Yorkshire 11½pcBds. Red. 21/3/79 5¾pc
Strathclyde 10½pcBds. Red 29/3/78 5¼pc
Taunton 10½pcBds. Red. 29/3/78 5¼pc.
U.D.P. Inc. 17½ cts.
Vale of Glamorgan 10½pcBds. Red. 29/3/78 5¼pc
Wandsworth 10½pcBds. Red. 29/3/78 5¼pc
Welwyn Hatfield 10½pcBds. Red. 29/3/78 5¼pc
West Lancashire 10½pcBds. Red. 29/3/78 5¼pc
West Yorkshire 10½pcBds. Red. 29/3/78 5¼pc
Wigan 10½pcBds. Red. 29/3/78 5¼pc
Winchester 10½pcBds. Red. 29/3/78 5¼pc
Yeovil 11pcBds. Red. 20/9/78 5½pc
York Waterworks 4.9pc (fmly. Max 7pc) Cons. 2.45p. 3.5pc (fmly. 5pc) (Max. div.) Ord. 1.75p. 3.15pc (fmly. 4½pc) Red. Pf. 75-78 1.575p. 4.2pc (fmly. 6pc) Red. Pf. 83.84 2.1p. 4.2pc Max. (fmly. 6pc) Cons. Pf. 2.1p

SATURDAY, SEPTEMBER 24

DIVIDEND & INTEREST PAYMENTS—
Agricultural Mtg. 13⅝pcBds. Red. 22/9/78 6[13/16]pc
SCB Group 2.5p
Sidlaw Inds. Ln. 3¾pc

SUNDAY, SEPTEMBER 25

DIVIDEND & INTEREST PAYMENTS—
Associated British Foods Lns. 2¾ and 3¼pc
Centrovincial Ests. Ln. 3⅛pc
Martin The Newsagent Ln. 4¼pc
Russell's Gravesend Brew. 6pcPf. 2.1p
Stanhope General Invest. 6½pcPf. 2.275p

FINANCIAL TIMES

BRACKEN HOUSE, 10, CANNON STREET, LONDON EC4P 4BY
…: Editorial 886341/2, 883897 Advertisements: 885033 Telegrams: Finantimo, London PS4
Telephone: 01-248 8000

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 01-246 8026.

INTERNATIONAL AND BRITISH OFFICES

…TORIAL OFFICES
…ingham: George House, George Road.
…ex 338650 Tel: 021-454 0922
…: Presshaus II/104 Heussallee 2-10.
…ex 869542 Tel: 210039
…sels: 39 Rue Ducale.
…lex 23283 Tel: 512-9037
…in: 8 Fitzwilliam Square.
…lex 5414 Tel: 785321
…burgh: 37 George Street.
…lex 724884 Tel: 031-226 4120
…kfurt: Im Sachsenlager 13.
…lex 16263 Tel: 555730
…nnesburg: P.O. Box 2128.
…lex 8-6257 Tel: 838-5836
…id: Espronceda 32, Madrid 3.
…l: 253 0173

Manchester: Queens House, Queen Street.
Telex 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019.
Telex 66390 Tel: (212) 541 4625
Paris: 36 Rue du Sentier, 75002.
Telex 220044 Tel: 236.50.59
Rome: Via della Mercede 55.
Telex 61032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88
Tehran: P.O. Box 11-1879.
Telex 88212634 Tel: 682698
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku.
Telex J 27104 Tel: 241 2920
Washington: Second Floor, 1325 E. Street, N.W., Washington D.C.
Telex 440225 Tel: 202 347 8676

…ERTISEMENT OFFICES
…ingham: George House, George Road.
…lex 338650 Tel: 021-454 0922
…burgh: 37 George Street.
…lex 72484 Tel: 031-226 4139
…kfurt: Im Sachsenlager 13.
…lex 16263 Tel: 554667
…gow: 11 Woodland Avenue, Paisley.
…l: 041-884 2327

Leeds: Permanent House, The Headrow.
Tel: 0532 454969
Manchester: Queens House, Queen Street.
Telex 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019.
Telex 423025 Tel: (212) 489 8300
Paris: 36 Rue du Sentier, 75002.
Telex 220044 Tel: 236.86.01
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J27104 Tel: 295 4050

…BSCRIPTIONS
…ies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London.

Building and Civil Engineering

£7m. contracts in Scotland

THREE contracts totalling over £7m. for civil engineering and building work in Scotland have been awarded to Fairclough Construction Group.

The largest, worth nearly £4.3m., is for improvement work on the A9 Perth-Inverness trunk road between Crubenmore and Kingussie, for the Scottish Development Department. Consulting engineers are Sir Alexander Gibb and Partners.

Construction of 13 km. of 7.3 metres wide single carriageway is called for and involves excavating about 930,000 cubic m of *material* of which 700,000 cubic m. will be placed in embankments. The project also includes the construction of four bridges, side road connections, drainage and other ancillary works.

Fairclough Building, Scottish Division, has started work on a *£2.5m. contract for Makro at the* Hillington Industrial Estate, Renfrew, Glasgow. The single-storey building is due to be completed by June 1978. This division has also been awarded a contract worth more than *£430,000 for yard development* work at Hugh Smith (Glasgow).

Engineering block at Harlow

LARGEST AMONG the £3m. worth of new contracts recently secured by Rush and Tompkins is one for £1.6m. for a four-storey engineering block to be erected at Harlow for Standard Telephones and Cables.

This 5,000-square-metre facility will have a pre-cast concrete *frame and air conditioning* throughout combined with double glazing.

Standard Life Assurance Company is spending £300,000 with the group for a two- and four-storey shop and office building at Gillingham, Kent.

The Bristol office has also won a £300,000 contract. It is from W. H. Smith and Son and is for the partial reconstruction of one of the latter's local premises.

The Westbury office is working on a contract of similar size for the Raglan Housing Association, covering houses and flats at Westbury.

£3m. order from Saudi Arabia

ABOUT £3m. worth of accommodation units designed for use in extreme climates are to be supplied by *Lesser Building* Systems Export to Fairclough-al Midani Company, a Saudi Arabian associates company of the *Fairclough Construction Group.*

The accommodation will house personnel working on a big contract in Saudi Arabia and will *include* bungalows, an office block, kitchen and dining facilities, laundry and cold stores.

Housing in London

COSTAIN Construction has been awarded a £2m. contract by the Greater London Council to build 140 new homes at Usk Road, Wandsworth.

The scheme comprises 66 two-bedroomed flats in one four-storey "U" shaped block which will include an old persons' meeting room and a further eight two-storey blocks containing 74 two- and three-bedroomed houses. The centrally heated homes will be of traditional brick construction with pitched tile roofing.

The contract includes the provision of lifts, parking spaces, garden areas, public open space, landscaping and associated external works.

Work has begun and is due for completion mid-1979. Architects are Sir John Burnet Tait and Partners.

£4.4m. flats and houses

GOUGH COOPER AND CO. has won housing contracts totalling £4.4m. from the Greater London Council, the City of Leicester, the London Borough of Lambeth, Dartford Borough Council and the Orbit Housing Society.

The £655,000 Greater London Council contract is for 48 three-bedroom houses and two four-bedroomed houses adjacent to St. Joseph's School, Orpington, while for the City of Leicester, houses and flats are to be built in Vann Street at a cost of £1.3m.

The London Borough of Lambeth contract is for 133 dwellings at Knights Hill, Linton Grove, West Norwood (£1.78m.); the £504,000 Dartford Borough Council scheme is for 12 houses and 37 flats at Lowfield Street (£504,000) and the £292,800 Orbit General Housing Association contract, is for 14 houses and eight flats at Knockhall Road, Greenhithe, Kent.

Protecting a pipeline

D. ANDERSON AND SON (BPD Industries Group) has won an order in Nigeria for 1m. square metres of its Thermoglas outer-wrap. The order placed by *Montubi* of Milan, main contractor, is worth over £1m.

The outer-wrap is glass based, coal-tar-impregnated and is to be used to protect an oil products line currently under construction in Nigeria. Delivery of the material will continue at monthly intervals until March, 1978.

Offices for British Gas

UNDER a contract worth about £1.2m. Willett is to erect a six-storey office building as part of the redevelopment of 20, Katharine Street, Croydon, Surrey, for the British Gas Corporation.

The building has been designed by G. R. Toogood, and the work is scheduled to commence in early October and take two years.

Erection of a reinforced concrete framed building with pre-cast concrete panel cladding is called for and a basement car park will be constructed adjacent to a link-way to nearby SEGAS House.

The superstructure will be 28 metres long on the Katharine Street frontage with a maximum depth of 42 metres and a height to main roof level of 20 metres.

A steel-framed plant room is to be constructed at roof level and the contract also includes lifts, services, drainage and external works.

Quantity surveyors are Denis Tyrrell and Partners and the structural engineers are Scott-White and Hookins.

Offices and dwellings in Qatar

TWO LARGE construction projects in Qatar, worth an estimated £12m., have gone to BKW Middle East.

This is the subsidiary, in the *area of Ras Kalis Westminster* Group and Land and Marine Construction, and it is a U.K. group member company.

Before the end of the year, work is expected to start on the two projects. The first is a ten-storey circular office block.

This project is intended to have its own underground car park facilities.

The second project calls for a *major residential development.* This will have 50 dwelling units. Amenities will include tennis courts, swimming pools and other *recreational facilities.*

BKW Middle East is undertaking this large development project in partnership with His *Excellency Sheikh Nasser bin* Khaled Al Thani.

Effluent plant

WORK has begun on the Milk Marketing Board's new Severnside Creamery at Stonehouse, Glos. It will be one of the largest and most modern in the country and will produce both butter and milk powder.

Acalor International, of Crawley, Sussex, is to design and instal the effluent treatment plant. This plant is designed to handle an effluent discharge of 400,000 gal./day with provision for future extension to 600,000 gal/day. The contract is valued at over £400,000. Main contractor is John Laing Construction.

Acalor is also providing an effluent balancing, aeration and flow recording scheme for the Milk Marketing Board's Alfreton creamery. This contract is valued at £120,000.

Food store and flats

KEY MARKETS *has received* planning permission for a 28,618 square foot superstore in London Road, Romford, Essex. Con*struction will commence in Octo*ber with an expected completion date one year later.

The store, which will trade as *one of the company's Super Key* Food Centres, will have extensive fresh food and grocery departments; on-site parking will be provided beneath and adjacent to the sales area to accom*modate 187 vehicles.*

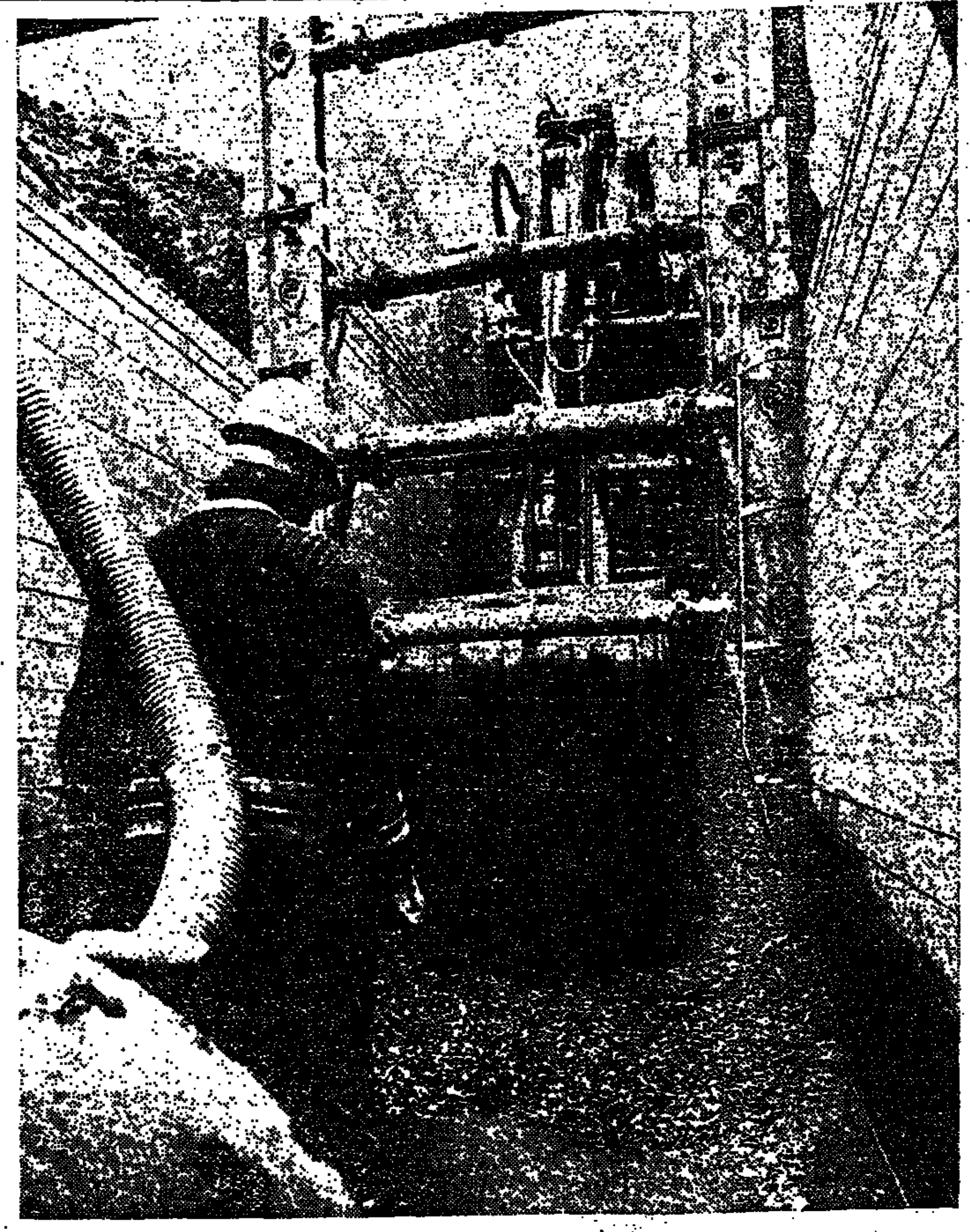
A building contract has been negotiated with Bovis Construction based on its Fee System. *Included with the development* will be a block of flats, also to be constructed by Bovis and it is anticipated that these will *either be sold as a block to the* local authority or disposed of individually to the general public.

Architects for the scheme are MacFarlane Lack Parker Lawson.

Materials testing service

A MATERIALS testing and advisory service has been set up in Dubai by R and D Construction Services, a partnership *formed* by John Laing Research and Development, the Expanded Metal Company and the Material Marketing Company of Dubai.

Facilities will be provided for carrying out standard tests on soils, concretes, aggregates and other building materials. Con*tracts for the supervision of* quality control are to be sought.



Less danger digging trenches

DEMONSTRATIONS of newly introduced trench shoring equipment designed to speed the operation and yet lessen the risk of accidents were given in Leicester last week by Shorco Trench Systems to civil engineers and representatives of construction companies and local authorities.

One piece of equipment, the supershore horizontal hydraulic shoring machine weighs 11 tons and is for use where heavy sheet piling would normally be required. The unit has two blades which are driven forward to cut the trench line while the usual type of excavator used for trenching operations digs the spoil from between the two blades.

Either a pile-lined trench can be left behind or pipes can be laid in it and the trench immediately filled. The machine is silent and is available only on hire with an operator.

Another item of equipment, *which is being imported from* Germany, is an Escon box which has been designed to make it much safer to dig trenches in *wet ground or where the* elements of danger are increased by the type of soil being excavated. By using the Escon equipment, *contractors* are able to excavate and shore in one operation and avoid putting men in the trench before shoring is *completed.*

The box is preset to the required trench width and placed in position by the excavator which then digs inside it, pushing it down to the required depth. Width is adjustable from 0.9 to 4.5 metres and by using top sections a depth of 6 metres can be achieved. *Sheet piles* and shoring timbers are not needed.

Shorco also demonstrated a device called a Drag Box. This is drawn along by the excavating machine and is claimed to enable workers to fit pipes in total safety. Back filling of the trench can follow immediately after the pipes have been laid. This equipment has been designed for fast excavation in good ground conditions.

Shorco, which has its headquarters at Contex House, Dewsbury Road, Churwell, Leeds LS27 8PR, reckons that apart from the labour-saving aspect the equipment will appeal particularly because of its elimination of the risk of men being injured or killed by trench wall collapse.

Chemical plant in Libya

A LARGE consultancy s[illegible] contract between The G[illegible] National Organisation for [illegible]trialisation, Socialist P[illegible] Libyan Arab Jamahiriya[illegible] White Young and Partner[illegible] into force last week.

The contract covers the [illegible]vision of the design and co[illegible]tion of a major chemical c[illegible] at Abu-Kammash. The U.[illegible]ject office will be at Ste[illegible] Herts.

Work has already star[illegible] *the site following the awa*[illegible] £300m. turnkey contract to [illegible]sortium of West Germa[illegible]panies led by Salzgitter In[illegible] and including KHD *In*[illegible] Phillip Holzmann and Ind[illegible]

The plant will produc[illegible] chlorine, caustic soda, p[illegible] *sodium hypochlorite* and [illegible]chloric acid. Completion [illegible] in late 1980.

Amex Bank, merchant b[illegible] subsidiary of American [illegible] International Banking C[illegible]tion, has provided the b[illegible] bonding and guarantee fa[illegible]

Fan noise reduced

TOO OFTEN cooling u[illegible] city buildings use ex[illegible] noisy fan designs which [illegible] inconvenience for the oc[illegible] and considerable annoy[illegible] the neighbourhood.

Atholl Engineering is [illegible]*ing a series of fan coi*[illegible] with four-pipe air and [illegible] side control and has app[illegible] knowledge of enclosure [illegible] to reducing enviror[illegible] noise.

The units have [illegible] diameter cross flow fa[illegible] uniform discharge veloc[illegible] able to assume high [illegible]ing even where ex[illegible] low noise ratings [illegible] specified.

Five basic sizes up to [illegible] cooling come in 200mm [illegible] *lengths from 400 to 1200*[illegible]

Atholl Engineering, Clement's Road, Poole, BH15 3PE. 0202 747319.

Adjustment of costs

TO AID contractors, quantity surveyors and computer departments to produce programs which handle NEDO monthly indices for adjustment of building contract costs, a detailed guide is to be published by the Design Office Consortium at the end of 1977.

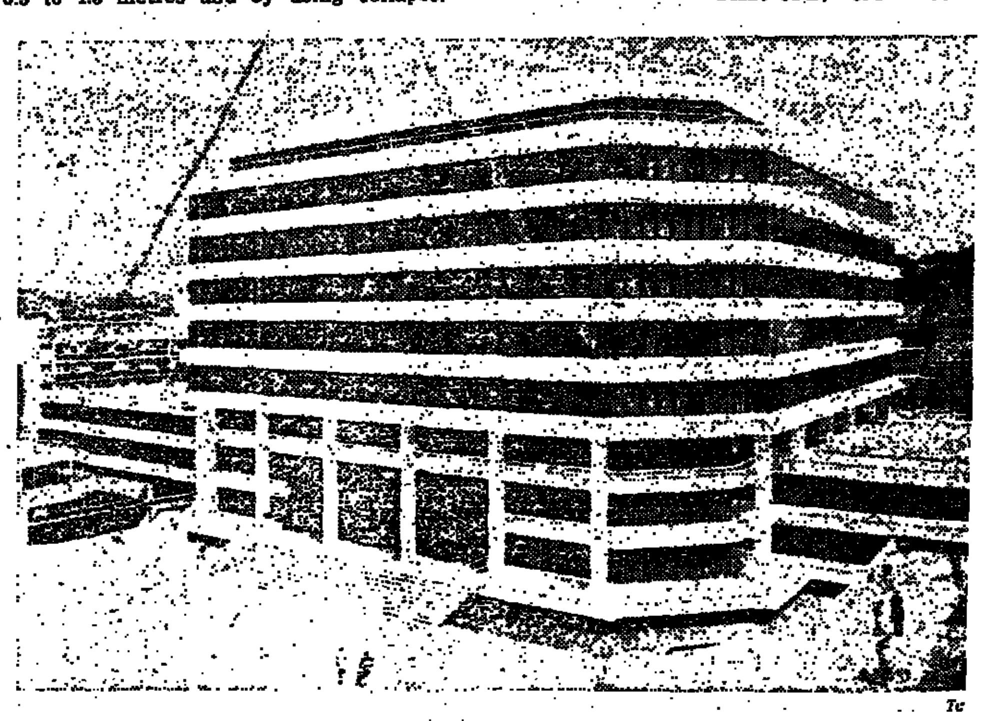
This will include a FORTRAN code of subroutines based on experience gained with Government and Local Authority programs. With relatively little effort, a program can be produced from the publication containing the features required by a particular user on his own computer system.

The routines, described in the publication by a detailed specification and FORTRAN code, will be known as FORPA. The work is commissioned by the Department of the Environment Property Services Agency and the Local Authorities Management Services and Computer Committee (LAMSAC).

The Design Office Consortium, which is an association for promoting the use of computers in the building industry, will carry out the work with the help of Alcock Shearing and Partners. There will be a performance specification of FORPA available in October by arrangement with DOC for those urgently requiring to make use of existing experience.

A service will be offered with the publication to provide test data, monthly indices in advance *of publication and information* on changes to programs or formulae. The cost of this service will be announced soon and there will be benefits to members of LAMSAC and of the Design Office Consortium. The latter will also be offering access to the *DOE REVOP program for* formula price adjustment on the Honeywell Mk. III bureau. This is one of the programs on which *FORPA is based and it should* be available, with direct access to monthly indices, from October.

Design Office Consortium, Guildhall Place, Cambridge, CB2 3QQ. 0223 311246.



Amex House, Brighton, Sussex, the new European headquarters for the American Express International Banking Corporation. This picture shows the southern aspect of the block for which the main contractor was Taylor Woodrow Construction. Architects are Gollins Melvin Ward Partners[illegible] *association with Peter Wood and Pa*[illegible] Structural engineers were F. C. Fa[illegible] and Partners and the quantity surv[illegible] were H. R. Heasman and Partners. [illegible] building will eventually house about [illegible] employees.

Industrial premises

DIMSDALE Development (South East) is to carry out a £500,000 industrial development at Wandsworth, London.

The scheme is on a one-acre site in Garratt Lane and planning consent has been obtained for 24,291 square feet of industrial and warehouse space. Construction of three units of 5,356 square feet, 7,095 square feet and 11,840 square feet is to be started within the next few weeks.

H. A. Westmores of Hertford has been appointed main contractor.

Building sheet plant

NIGERIA IS fast becoming one *of the most industrialised coun*tries in equatorial Africa and to match demand for basic materials *now arising there,* Turners Building Products (Emene) is to raise the capacity of its sheet material plant by more than double, from 22,000 *to 47,500 tonnes per year* at a cost of £2½m.

New work at the plant in Anambra State will demand the *installation of a second machine* for the production of asbestos-cement sheeting and the erection of an asbestos fibre store.

In Kaduna State, the *plant of* Turners Building Products (Arewa) will be raised from 20,000 to 49,000 tonnes per year capacity in terms of sheeting output by the installation of a £3½m. sheeting machine.

Cash for the Anambra expansion has been raised locally while that for the Kaduna project is coming from loc[illegible] and a share issue.

Demand for building m[illegible] in Nigeria is estimated [illegible] rising by about 12 per [illegible] year. The venture by t[illegible] T and N companies shou[illegible] meet this and aid comp[illegible] catch up on some of th[illegible] struction backlogs.

Both plants are expe[illegible] come on stream in 1979, 90 per cent. of the *materials* (cement) *fro*[illegible] sources.

Turners Engineering F[illegible] (Nigeria) has announce[illegible] to extend *original scher*[illegible] a brake lining material [illegible] at Abadan and the str[illegible] the project is expected to [illegible] the total capital cost [illegible] with completion by 1979.

The home company of [illegible] N has a 60 per cent. int[illegible] all three of the above-me[illegible] companies.

IN BRIEF

● Factors which will influence the amount of construction likely to be undertaken over the next two decades are to be discussed at a conference to be held *in Coventry on October 19* and 20. It has been organised by The Society for Long Range Planning in conjunction with *The Concrete Society. Details* from the former at 15 Belgrave Square, London, SW1X 8PU. (01-235 6833).

● Cumbernauld Development Corporation has awarded a £1½m. contract to George Wilson (Stonehouse) for the Westfield 3 housing development.

● Kenmac Construction Co. *(Brittains Group) has won a* £650,000 contract for a water-pollution control works at Rhuddlan for the Welsh National Water Development Authority.

● Tarmac says it has set up a new area organisation to serve West Yorkshire and Humberside and already has £5m. worth of orders.

● Jenkins of Retford has won an order worth about £1½m. from the National Coal Board to uprate and extend coal preparation plant at Manton Colliery, near Worksop, Notts.

● A five-month feasibility study *for the development of a concrete* pipe industry is to be undertaken by Redland Technology, retained on a fee basis to advise The *National Industries Company of* Kuwait. The study will range from market research to an outline factory design.

Colloidal concrete

WORK DONE in France at *Centre d'Etudes et de Recherches* de l'Industrie des Liants Hydrauliques on light colloidal concrete has been aimed at promotion of new materials based on a hydraulic binder.

L.C.B. is composed of cement, *sand, a colloid and an air and* water carrier. When mixing, the product creates a multitude of bubles; the object of the col*loid is to reduce the air pressure* in these bubbles by strongly increasing the viscosity of the mixture in order to reduce the diameter and *increase the number* of these.

After mixing, a material which is very thixotropic in its fresh state is produced, [illegible] shear threshold remains [illegible] than that of a reference [illegible] for a long period. Thus [illegible] be transported by pump[illegible] it can also be *projected* [illegible] on to walls to make an ins[illegible] single layer rendering.

A few companies in [illegible] *have started to market* products and mixers d[illegible] for the rapid preparation [illegible] material on an industria[illegible] *One supplier has liquid p*[illegible] and products in powde[illegible] ready to use; in this ca[illegible] only necessary to mix a [illegible] *product with the sand,* and water.

C.E.R.I.L.H. is at 23, Cronstadt, 75015 Paris—

هكذا من الأصل

All our own work

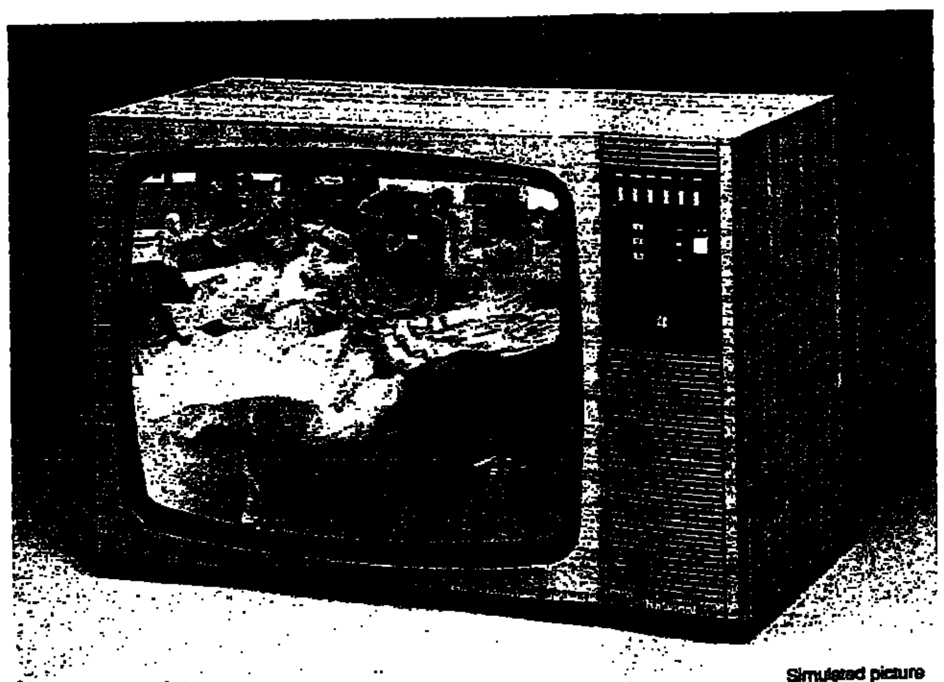
ng before we sold our first colour TV, y twenty years ago, we already knew who ɔig, famous competitor was: Mother re herself.

we acted accordingly. "Take a look at wering cherry tree," we said to the designers. l find a way of capturing its delicate ıring." It was easier said than done, but did it.

Japan, people think nothing of travelling reds of miles to view the cherry blossom. was only natural that National Panasonic should become bestsellers there. As they remained to this day.

1918, Konosuke Matsushita founded our company with £15. Today s about 100,000 employees around the world. So Brian, Janis, Penny, ie, Wally and their colleagues in our new British colour TV factory a wealth of international experience to draw upon.

r example, they work to designs from the team which gave the d its smallest colour portable. Not to mention National Panasonic's famous "Magic Line."



Simulated picture

Touch a switch and a broad green line appears on the screen. As you tune the picture, so the line gets narrower. When it's as narrow as you can get it, you've got it. The perfectly tuned colour picture. Touch the switch again and the line disappears, while an automatic circuit 'locks in' the correct tuning.

The set shown is our new 22" TC-2201. Every part of it, from the tube to the tiniest transistor, was individually checked. Testing thousands of components costs a lot more than the random-sample tests many makers settle for. But we think the extra time and money well spent.

For by testing all parts, assembling them on the most modern production lines, then subjecting finished sets to everything from a Sahara heatwave to an Arctic blizzard, we can pass the toughest test in Mother Nature's book. The cherry blossom test.

By cutting corners, on the other hand, you're likely to end up making a bloomer.

National Panasonic
just slightly ahead of our time

National Panasonic and Technics are the brandnames of Matsushita Electric, Japan's leading consumer electronics manufacturer.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● AVIATION

Study of navigation

FLIGHT Navigation, the company owned jointly by Decca and Smiths Industries, has been awarded an £81,000 contract by *the U.K. Ministry of Defence for* the continuation of studies aimed at improving the performance of aircraft navigation systems.

These studies, funded by the Department of Industry, involve both simulated programmes and practical flight trials, and are bing carried out with the support of RAE Flight Systems Divi*sion 2—formerly BLEU—at the* Royal Aircraft Establishment, Bedford. The programme reflects an increasing official concern over the need for improved traffic handling in the Terminal Area.

Key elements in the flight trial programme are Decca's MONA (MOdular NAvigation) system *and Smith's SEP 5 Automatic* Control System. This equipment, installed on board RAE's BAC 1-11 experimental aircraft, will now be used to confirm the results of simulation studies in the vertical plane; similar studies in the horizontal plane having already been completed. They will be extended to compare the performance of various *navigation guidance systems.* More advanced work is also planned to include 4D navigation systems, flight profile and fuel management.

● DATA PROCESSING

From sketch to artwork

DESIGNERS' freehand layouts of new printed circuit board patterns may be translated directly into the finished artwork needed to start board manufacture by means of the PCS facility offered by Ferranti Ceetec Graphics.

The business end of the equipment is a digitiser working to a minicomputer which drives an artwork generator.

The start of the operation is the drawing by the layout man of the required pattern, on graph paper at twice or four times scale. The layout goes on to the table of the digitiser and the *various points on the diagram are* analysed and stroed together with associated information *relevant to the pattern, such as* pad size, drilling requirement and track widths.

From this the computer produces a primary plot which goes back to the designer for verification.

Any amendments or fresh ideas are fed in on the second run and once the design is confirmed as accurate, the control computer can be instructed to operate the artwork generator to produce the finished product. This is the layout at the correct scale on photographic film.

The unit which does this is the EP430, *designed specifically for* printed circuit work by Ferranti Ceetec. It has a working area *of 24 x 36 inches* and a drawing speed of four inches a second. Many other graphics items can be handled by the PCS *method.*

Ferranti Ceetec Graphics at Ferry Road, Edinburgh EH5 2XS.

New range from Adler

AIMED AT the needs of the small to medium business in the areas of invoicing, accounting, payroll, stock and costing is a new series of visible record machines from Adler Business Systems which can perform either in a "stand-alone" capacity or act as a data collection device in larger DP systems.

Known as the TA 20, the members of the range all have a basically similar appearance—a "sit down" console of slim design—but different requirements and applications are met by substituting a variety of mechanical or electrical modules.

There are three main configurations. The TA 20NP has a cpu using bus structure and is based on the Intel 8080 micro. There are seven registers and the system's own memory consists of 7 to 12k of read-only while the user area consists of 3k of random access memory. Average access time is 450 nanoseconds. There is an alpha numeric keyboard for programming and data entry. Bulk storage, for program loading or data, is on one or two cassette drives. A 140 ch/sec needle printer is incorporated with one, or two sprocket feeds for continuous stationery, and the choice can be made between *automatic front feed* using ledger cards, or a magnetic ledger card unit.

Standard software includes an invoice program generator, and also covers accounting, payroll and stock control.

The outright purchase price of the 20-NP lies between £5,000 and £8,500 and there are no positive arrangements at the moment for rental.

Main variant is the 20-SE in which a golf ball printer is used (20 ch/sec) with pin-feed platens for the stationery. There is no magnetic ledger card option, the choice being between manual or automatic front feed of ordinary cards. For this machine there is additional software enabling it to perform data collection programs. The SE version has a *price band of £3,000 to £5,000.*

Third model, TA-20 Compact has just a 20 ch/sec printer and an optional single cassette, the intention being that apart from invoicing it can be used for data collection, automatic typewriting, ordinary typing, or even as a desk-top calculator.

● HANDLING

Blows coal to the top

NATIONAL COAL BOARD is claiming a major advance in materials handling in a project at its Shirebrook Colliery in North Derbyshire. For the first time in a British, or European mine, coal is being raised in quantity by pneumatic tube.

Results of trials which started in June have proved that at least 50 tons of coal an hour can be raised over long periods. It has given the colliery, one of the main production pits in the area, an extra lifting capacity of around 4,000 tons a week.

Normally, coal is raised from a deep mine by mine cars, or skips, which are wound up the shaft. The bulk of the Shirebrook coal is still wound in this manner. But a screen has now been fitted to the main conveyor taking coal from the main bright face. Through this screen, smaller coal, of up to one inch in size, is filtered to another conveyor, and then fed into a rotary air lock feeder.

A 700 hp blower feeds in air at a maximum operating pressure of 14.5 psi which blows the coal up the shaft in the 300mm hardened alloy steel pipe. From a surface collection cyclone, the coal is then taken by conveyor to the coal preparation plant.

The Shirebrook pneumatic system cost less than £300,000, compared with the installation of skip winding and shaft uprating at a nearby pit which cost £1.9m. Later this year a second pneumatic system will come into operation at Fryston Colliery, Yorkshire, where the lift will be around 500 metres, compared with the 326 metres at Shirebrook.

NCB officials, who have developed the scheme in conjunction with Radmark Engineering, of Canada—specialists in pneumatic air transport—see the system as having considerable potential in the coal industry. Apart from lifting coal, it could also be used to move operations spoil.

It also offers the potential of labour savings, for all underground operations are monitored by one operator from a control cabin near the bottom of the shaft.

Simplified fork-lifts

HYDROSTATIC DRIVE "H" range of Salev industrial counterbalance fork lift trucks have a number of design points aimed at reliability and ease of maintenance.

The hydrostatic system affects both the wheel drive and the raising of the lift mast which are inter-related both powered from a single transmission. This has a low cost, fully proven automatic type torque converter and a simple constant rate hydraulic pump which eliminate the brutal action sometimes associated with *hydrostatic* operation. It also provides a smooth and progressive lift action.

Power from this transmission can be fed by selection to either the wheel drive or to the lift mast so that power and speed are available to maximise either function. This enables the lift mast, for instance, to be operated at two or three times faster than normal units.

The "H" range models are typically compact trucks with a tight turning circle, low centre of gravity and good visual clearance for the operator.

Renault petrol or Perkins engines are optionally available, and the models can be fitted with solid rubber or pneumatic tyres.

Salev, which is noted for the ingenious design of its *fast* rough terrain trucks, is represented in Britain by Wilky Concessionaires, Stake Works, Invincible Road, Farnborough, Hants. Farnborough (0252) 44361.

● COMPONENTS

Remote control of valves

BALL, BUTTERFLY, and plug valves in a range of industries can be remotely operated by a range of electric actuators launched by Norbro, British member of the U.S.-based Worcester Controls Inc.

There are eight sizes in the range, providing torques from 150 lbf. inch to 4,000 lbf. inch *(powered by a split phase,* capacitor run, reversible ac motor) and up to 900 lbf. inch using a dc motor. Weight ranges from 3.75 to 17 kg., and operating tempeatures (standard version) from minus 9 to 65 degrees C.

The movement provided is normally 90 degrees (speed range: 1.2 to 11 seconds) but this can be adjusted from 30 to 330 degrees. Power supply can be 220 or 110 V 50Hz., or 12, 24, or 120 V dc.

The actuators are supplied in a waterproof enclosure, which optionally can be made explosion proof. Another option is a manual over-ride.

Prototypes are being used by Rolls-Royce, on three hovercraft made by Hovermarine Transport, and by the Egyptian Air Force in a jet engine test bed.

Originally designed in the U.S. the valves were improved and are built by Norbro, Victoria Gardens, Burgess Hill, Sussex RH15 9NB (0446 45561).

● LIGHTING

Lights the hidden spot

LIGHT guides and accessories designed to enable inaccessible areas to be illuminated are offered by Chilecrest.

The system is basically a special torch body powered from *two U2 or equivalent batteries* to which a number of light guides of different lengths and diameters can be attached.

There are three light guide sizes to choose from: 300 mm. long by 4 mm. dia.; 600 mm. long by 4 mm. dia.; and 600 mm by 7.6 mm. The active diameter is half these overall dimensions but is 4.5 mm. in the case of the largest unit. Individual fibres of 0.07 mm. are used.

Both ends of the guides are highly polished to give maximum light output and are encased in brass sleeves giving an easy push fit into the torch body. The company can also supply fixed mirrors in a number of diameters for quick attachment to the guides. More from Flora Place, Wadebridge, Cornwall (020881 2510).

Avery's new bagging package

FOLLOWING an agreement with Robert Christy Engineering, Avery Parsons has been able to round off its product line of high speed weighers for bag filling with sack placing/automated bag stitching equipment which it is calling the Pacepacker.

It has been undergoing exhaustive field trials over a period of 12 months in a number of industries and has come through with flying colours, not the least because of the simplicity of its design.

At the same time, operators have expressed appreciation of the fact that it solves the long-standing stitcher control problem and allows a single supervisor to run three packaging lines, simply replacing back stacks and watching for thread breakages.

A sack placer will select a sack from a vertically stacked magazine. Two pneumatically operated arms with suction pads slide it forward, open it and place it on the filling spout—waste is prevented as a sensor checks for correct placing before the sack can be gripped.

The spout expands within the sack top, the weigher discharges and the bag is released. As sacks are vertically stacked, distortion is minimised and replacement can take place as the machine is working.

Standard models can present 12 sacks per minute and this can *be raised to 16 if needed,* by a minor modification.

Air displacement during filling is taken up by side ducts which may be connected to a suction unit if full dust control is demanded.

Filled sacks are passed by conveyor to the stitcher automator which again positions the sack and feeds it into the stitcher head, adding one or two tickets as needed. The automator will fit most pedestal mounted stitchers and derives its power from a pneumatic source and a small electric motor.

More from Avery Parsons on 0924 468317.

● MATERIALS

Fibre make fine filter

IMPROVED cellulose triacetate (CTA) plastic hollow fibre, which can efficiently separate water from oil in emulsions by ultrafiltration, has been developed by the plastics research department of the Weizmann Institute of Science.

Once isolated, the water can be re-used or safely discharged into plant sewage lines, while the concentrated oil can be utilised as fuel. Ultrafiltration is much more economical than other techniques currently in use, according to the Institute's Dr. Gerald Tanny.

The hollow plastics fibres are microscopic tubes which can be employed as microporous filters in various continuous processing applications. Packed into a "bundle" of parallel fibres, they possess a very large surface to volume ratio, which boosts their separatory capability. The raw emulsion is pumped through the centres of the hollow fibre bundles under slight pressure, and the water is emitted through the pores in the fibre walls.

The new method is said to be capable of transforming an initially one to three per cent. oil emulsion into a thirty to fifty per cent. oil/water mixture which can then be burned as it is, or mixed with regular heating oil before firing.

● INSTRUMENTS

Flow of fatty liquids

NEW in flow measurement technology based on electromagnetic principles is the Altoflux head which has in it capacitance electrodes giving performance such that the head is suitable for greasy liquids, where the accumulation of solids within the flowing liquid on projecting electrodes could change the signal, or where fluid conductivity is very low.

Previously voltage signals between the pickups in the wall of the metering tube provided the indications of liquid velocity.

In the new instrument, coils around the meter section are used to create a magnetic field at right angles to the direction of flow. This sets up a voltage in the flowing liquid which is at right angles to both the field and the direction of flow.

This new type 51K primary head for use in problem situations will provide accuracies of order of ± 0.5 per cent. long-term reliability, together with immunity to electrical interference.

Lack of uniformity in the fluid changeover and the presence of ferritic particles also present no obstacles to these meters which can be applied to flows from a few litres per hour up to 100,000 cubic metres per hour.

The meters are available in a range of sizes from 2 mm. to 3,000 mm. in diameter.

More from Krohne Measurement and Control, Moulton Park, Northampton NN3 1JZ. 0604 489704.

● PROCESSES

Fast dyeing of acrylics

UNTIL NOW it has not been possible to dye print acrylic fibre for the production of tufted carpets—and hard wearing carpets in the lower to middle range have largely been dominated by nylon fibre.

Working in conjunction with Kingsmead Carpets, Monsanto has developed an Acrilan fibre which can be printed and processed at the speeds required for carpet production, using a Crawford Pickering machine. Monsanto solved the chemical problems and Kingsmead carried out the mechanical development.

The carpets produced will be aimed more up-market than the traditional nylon product.

The problem was to produce an acrylic fibre that would accept and fix a dye at high temperature in about eight minutes instead of the usual hour's boiling. The mechanical problem was deformation by heat when the yarn was processed.

Printing is carried out by retractable felt pads, mounted on rollers and the dyes are absorbed by the fibres of each yarn, which is then steamed to fix the colours, washed and dried. The yarn now multi-coloured, is fed to the carpet machine, and inch-long tufts of yarn of different colours are cut off, and form the pattern.

Marketed as Idiom, the carpet has secondary jute backing and is available in eight patterns. With a half-inch pile, the carpet is produced in three, nine and 12 ft. widths, and has a pile weight of 30 oz/sq. yd.

Details of the new Acrylan staple fibre for spinning into yarn are available from Monsanto, 10 Victoria Street, London SW1 (01-222 5678), and of the carpet processing from Kingsmead Carpets, Caponacre Industrial Estate, Cumnock, Ayrshire (0290 21511), a British Carpets subsidiary.

Metal skin on paper

FIRST OF its kind to be used only for the production of cigarette-packaging laminates, a £350,000 metallising plant has been ordered from General Engineering of Radcliffe for a U.S. manufacturer.

This is the third metalliser to go to the U.S. from this British company which has spent some three years on the development of the plant. Its advantages include the ability to cut materials and processing costs by 20 per cent. compared with packaging methods based on aluminium foil laminates.

More from the vacuum products division of General Engineering on 061-723 3271.

● HEATING

Big dual fuel burn[ers]

TWO LARGE burners ... have been developed ... haupt, of West Germany now available in this co... Both rated at 19m... one is fuelled by gas or the other can burn either gas or 35 second oil ... suitable for firing both a back pressure up to ... (burner output is about ... The dual fuel burner modulating on gas and ... is, output is infinitely from minimum to ... Operation of a single effects fuel changeover three minutes. No other ments are necessary ... changeover times for output competitive ... burners are said to ... minutes. Maintenance is stated simple, and the burne... stainless steel combust... with adjustable diffuser sequence is automatic ... Maximum output burn... Weishaupt range produ... Btu/hr. The compan... office is at Neachell... Willenhall, West ... WV13 3RG (0902 68841).

● WELDING

Flux for cold work

SPECIFICALLY formu... use with low alloy steel fused flux applicable ... merged arc welding is ... use where low-temp... toughness of the final ... a criterion. The application area... bridges, offshore ... boilers, ships, pressure ... and earthmoving equip... Single electrode dc w... 800 amps is suitable ... marker B18 has ability ... carbon and maintain ... carbon equivalent in ... metal. GKN Lincoln Electr... Fan Road, Welwyn Gar... Herts AL7 1QA. 96 24...

No spatte[r]

GEL WHICH prevents spatter sticking to fixtu... ing equipment and the ... has been introduced ... Welding, Horton Clos... Drayton, Middx. (West 47771). Application is by brush dipping the hot weld... nozzle into the gel ... used on metal/inert gas guns and on flame torches, and is said to ... less and non-corrosive ... contains no silicones, ar... used on surfaces up to ...

هكذامن الأجمل

...he Executive's and Office World

EDITED BY CHRISTOPHER LORENZ

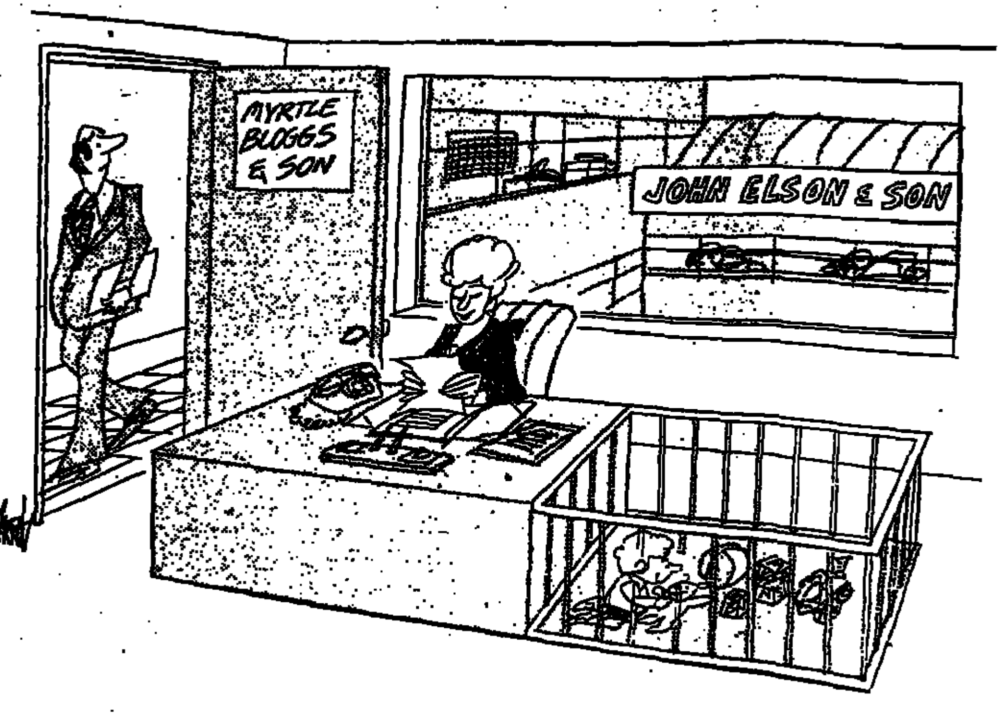
liquids

f acrylics

Metal skin on paper

...ameron looks at the chang- ...tern of women's careers ...the impact of the Govern- ...sex equality legislation

Women's place . . . outside the home



...onths after legisla- ...ted to give women ...pay and opportunity ...force, the Employ- ...eals Tribunal has ...n a judgment that ...drive a coach and ...igh one of the key ...law.

...ed that a company ...Cross Quarry Ser- ...tied to pay a male ...nore than a woman ...department, even ...two people con- ...loing the same job. ...Kilner Brown, ...ribunal's judgment, ...was being paid at ...te only because he ...arning more in his ...ployment and would ...accepted the Clay ...for anything less. ...he was receiving a ...not because he was ...because of the state ...market: there was ...o question of dis- ...on grounds of sex. ...the hearing the ...Appeals Tribunal ...ld that if it upheld ...the Clay Cross com- ...y the male clerk ...right well be open- ...neans for employers ...evade the statutory ...lo equal pay." Mr. ...er Brown said the ...il not share this efforts to help and advise employers on ways of improving opportunities for women.

The legal position is also becoming clearer. This may seem paradoxical in view of decisions like that in the Clay Cross Quarry Services case. But other findings of the Employment Appeals Tribunal are serving to help interpret and explain the law.

The gradual building up of a body of case law is particularly useful for people running smaller businesses. For they simply do not have the time to grapple with all the intricate and untried employment legislation that has been pouring out of Westminster in the last couple of years.

In addition to this the various new laws embodied in the Equal Pay, Sex Discrimination, and Employment Protection Acts are likely to have the kind of long-term impact on women's career patterns that no employers will be able to ignore.

For instance, legislation now forbids employers to sack a woman just because she is pregnant and needs time off to have her baby. In the past the majority of women gave up their jobs once they became pregnant; one piece of research suggests that this is still standard practice in the North. But in the South-East, and especially in the London area, more and more women appear to be taking advantage of their right to return to work after a period of maternity leave. If this trend persists and women no longer permit family responsibilities to interrupt their careers, then promotion ladders in many organisations are likely to become decidedly crowded.

In one way this could be to a company's advantage, because it would have a larger pool of people to choose from when a senior post fell vacant. On the other hand the fact that the majority of women employees were no longer leaving after five or six years' service would need to be reflected in recruitment policy.

Another factor is that women may be unwilling to accept any extra responsibility while their children are young, even though they return to work as soon as their babies have been born. Some women in managerial positions may want to mark time on promotion for six or seven years. Once their children reach school age they may want to rejoin the rat race. This again is something that companies will have to consider when planning their management development structures.

The growing number of women who will want to return to work after a gap of ten years or so will require refresher courses plus considerable support from their employers.

It may be in a company's own interests to provide this sort of encouragement — particularly if it has already made a substantial investment in a woman manager by giving her training and experience when she was younger.

Some women may want to take a completely different career path when they go back to work after rearing families.

...ep

...people involved in ...women's employ- ...unities believe that ...s decision will have ...l effect of making ...easy for companies ...a large part of the ...ct. Women's officers ...unions, as well as ...l Council for Civil ...rgue that, if the ...ing is allowed to ...companies will ...fer male recruits ...han women on the ...market forces are ...hem to do so.

...be one reason why ...ort and General ...ion has now decided ...l be worthwhile for ...ss case to be taken ...of Appeal. There ...o suggest that there ...rganisations which ...only too delighted ...ophole in the law. ...qual Pay and Sex ...on Acts went on to ...book a number of ...ave been extremely ...out ensuring that ...islation is enforced ...have done their ...circumvent it ...of this, there are ...ndustry in general ...eginning to take a ...essive line towards ...cruitment and pro- ...women — if only ...panies have started ...hat greater equality ...hem as well as their ...oyees. A few organ- ...e drawn up the sort ...policies that go one ...er than mere com- ...the law. And some ...rial training boards ...king much stronger

This would only be possible at managerial level if companies were to adopt a more flexible approach to the recruitment of older executives than most of them have at present. If industrial concerns did make it easier for people to embark on new careers in their thirties or forties, then men would benefit just as much as women.

Women executives with family responsibilities are normally less mobile than their male counterparts and this is almost certain to affect the way in which large industrial organisations develop their managers' careers. For one thing the law now forbids indirect discrimination against women. This means that a company may not apply a condition of service to its entire workforce if many of its women employees cannot practically comply with the rule and are put at a disadvantage as a result. The exception to this is when the condition of service is justifiable because it is essential to the job.

Blockages

A number of large organisations are already beginning to feel the effects of women's changed career patterns. Lloyds Bank, for instance, says that family responsibilities do tend to limit the ambitions of its women employees and this does sometimes lead to blockages on the promotion ladder.

Lloyds is already regionalised for promotion purposes but it still finds that male managers are now refusing to move to posts in other towns because of their wives' jobs. The bank says that the current economic climate is making it increasingly difficult for families to maintain their standard of living on a single income and by the same token it is also harder for wives to obtain suitable jobs if they move to a new area.

Lloyds claims it is doing its best to improve the opportunities it offers to women—over and above what the law demands. At present it only has 30 women in managerial positions and most of these are in personnel or administration.

Only five of them are branch managers but Lloyds says it is anxious to have more women bankers.

It has already started sending female clerical staff on special Industrial Society courses that are specifically designed for women with management potential. Perhaps most important of all, Lloyds has now started to monitor the number of women employees it has in different grades and departments. It is felt that this type of auditing is vital to the formulation of a successful policy towards the recruitment and promotion of women.

Barclays Bank claims that it is also looking at the career patterns of its women employees and it has appointed a woman staff manager to put over what it calls "the women's point of view." Exactly what is covered by this phrase Barclays does not seem to know.

In contrast, the Board of ICI has produced an equal opportunities charter plus a code of practice on the employment of women. The company's divisions have been told to monitor the position of women employees and to find out how they can widen the scope of women's employment into areas where there have previously been few women staff. At the same time ICI has made it clear to women employees that they themselves must make an effort to take advantage of the chances that are now being offered.

Mobil is another company that seems to be doing its best to encourage women to take on traditionally male jobs. It now employs a number of women in senior positions in fields such as process engineering and retail sales. And Mobil North Sea now has two female geologists working on its Aberdeen well. One of them featured in a Mobil North Sea publicity campaign and the evidence suggests that this type of advertisement can do much to persuade younger girls to expand their career horizons.

On the debit side there are companies like Berger and Trust Houses Forte which have both attempted to avoid the Equal Pay Act. Berger tried to pay some women employees less than men on the grounds that they were "light paint can fillers" while their male colleagues who did exactly the same job were "heavy paint can fillers." The policy did not succeed.

Trust Houses Forte tried to pay the waiters at its Heathrow Post House more than waitresses doing similar work by calling the men "banqueting assistants." The company was brought before an industrial tribunal and lost its case.

Some of the industrial training boards, by contrast, have adopted a commendably positive policy. The Engineering Industry Training Board, for instance, has launched a scholarship scheme for 50 girls to train as technician engineers. The scheme is being run in the Birmingham and Surrey areas and the total cost to the board is expected to be in the region of £250,000.

The board says initial reactions to the announcement of the programme were apathetic. It suspects that part of the blame for this lies in the schools, where some teachers are still discouraging girl from entering traditionally masculine fields. But the 50 girls who have now been recruited to the scheme are said to be doing extremely well, and the board is thinking of running a similar programme for female school leavers next year.

The Food, Drink and Tobacco Industry Training Board has been holding a series of one-day conferences for employers and personnel staff on the subject of women at work.

Other, potentially more influential bodies have shown considerably less initiative. The Manpower Services Commission—overlord of the Training Services Agency and the Employment Services Agency—appears to have been promoting equality of opportunity at a rate that would leave the average snail feeling inadequate..

To take one example—76 per cent. of places on the MSC's job creation programme have gone to boys. And only two of the 67 areas committee members who run the scheme at local level are women.

Yet the percentage of unemployed girls is on the increase. In January, 1976, a total of 45.8 per cent. of unemployed people under the age of 18 were girls. By January this year the figure had risen to 48.6 per cent.

The Equal Opportunities Commission went twice to the MSC last year to protest about the imbalance of the sexes in the job creation scheme. It told Mr. Richard O'Brien, the chairman of the MSC, that if job opportunities for women were to be enlarged then it was vital to do more for girls of school-leaving age who were just embarking on their careers. Young people had a key part to play in changing traditional attitudes and breaking down employment stereotypes.

Mr. O'Brien noted the points made by the EOC delegation but so far their lobbying seems to have had no effect. And Mr. O'Brien admits that his organisation "has been a bit slow." He goes on to explain that it is not really the MSC's job to intervene in the running of the job creation programme on behalf of unemployed girls.

Parliament seems to have thought otherwise. Both the Act under which the MSC was set up and the Sex Discrimination Act specifically charge the commission with the task of promoting equality of job opportunity for women and girls.

In the past Mr. O'Brien has said that when the present unemployment programmes for young people were revised, greater consideration would be given to the needs of girls. A consultative document on the MSC's forthcoming plans has now been drawn up and was published in August. It does not mention women.

But more important than the attitude of the MSC are the activities of the Equal Opportunities Commission itself—which was set up to monitor the new laws. Its performance to date is assessed below.

...creature of government'

...AL Opportunities ...which was set ...tor the Equal Pay ...iscrimination Acts, ...ave an impressive ...has done sterling ...owing up individual ...under the Acts but ...er areas its efforts ...l and ineffectual.

...that the commis- ...onsiderable difficul- ...was first set up be- ...s given a staff of ...ts who were un- ...l inexperienced in ...hat needed to be ...ere not selected on ...their interest in it. ...number of new staff ...n appointed and the ...has realised that it ...er explain its poor ...in terms of its ...ems.

...appointment of a ...nthusiastic staff has ...al strife at the EOC. ...staff feel that the ...rs as a group are ...s, to say the least; ...the commissioners ...at their activities ...red by the low ...reports and plans ...them by the staff.

...laint

...EOC's first annual ...anything to go by, ...commissioners cer- ...some cause for ...it is badly pre- ...indexed. On the ...l, if the commis- ...really being so ...ieed by their staff, ...ggest that something ...with the EOC's staff ...t and recruitment. ...ons for dissatisfac- ...the EOC staff are ...explain. The commission has dragged its heels over using the powers it has been given to launch formal investigations into various areas such as individual industries or companies. It has remained resolutely silent over the questionable decisions made by some of the industrial tribunals—yet Elspeth Howe, deputy chairman of the commission, admits that there is no legal reason why the EOC should not criticise the tribunal decisions of which it disapproves.

The EOC has also chosen to provide guidelines for industrial companies, rather than the codes of practice which it is empowered to introduce, and which would carry some weight in any legal dispute.

The guidelines, which are expected shortly, will cover such things as maternity and paternity leave, recruitment and selection. The EOC is thinking of producing different guidelines for large and small companies, so that specific problems can be covered.

Most important of all, the commission has made only minimal attempts to campaign publicly for its stated objectives and as a result it has failed—by its own admission—to make itself known to British women.

Perhaps the attitude of the commissioners and their unwillingness to take a stand is summed up by Mr. Eric Robinson, director of Bradford Polytechnic and himself a commissioner. He explained that it was not the EOC's job "to lead the women's liberation movement" or to take on large public organisations.

"We were set up by the Government and we are a creature of the Government," he said. "For us to be seen to oppose government bodies would be a most extreme step. I think that at present we must be moderate. If the EOC started to take an openly hostile approach I believe that many of the commissioners would resign."

A number of people in close contact with the EOC—none of whom will be quoted—say that one of its prime weaknesses is the divided loyalties of the commissioners themselves. It is thought that some of them refer back to the interest groups they represent—the TUC, the CBI, educational organisations—before formulating an opinion on an EOC matter. And at least one commissioner admits, though not publicly, that there can be a conflict of interest between the aims of the commission and the bodies represented on it.

Solution

The most obvious solution to the problem would be to appoint commissioners who are not so closely tied to other vested interests. Nearly all of the 16 existing commissioners, including the chairman and her deputy, come up for re-appointment at the end of next year. But it is the Home Office that is responsible for selecting suitable EOC commissioners and there is little so far to suggest that its attitude to women in general and the EOC in particular is very different from that of other Government departments.

What the EOC really needs, of course, is a few commissioners built on the lines of Bertie Wooster's Aunt Agatha. She, you may recall, was the beaky faced lady who breakfasted on broken bottles and six-inch nails.

PLANT...

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
Telephone: 01-248 8000
Monday September 19 1977

A lapse into protectionism

PRESIDENT CARTER has often professed his commitment to free trade and this was reflected in the unequivocal rejection of protectionism at the Downing Street summit meeting last May. If the U.S. should start to backslide from this commitment, giving in to the steelmakers or any of the other groups which are clamouring for protection, other countries would feel free to do the same. That is why President Carter's apparent surrender to the maritime unions over the Oil Cargo Preference Bill is significant. The immediate economic effects of the Bill, if it is enacted in the form preferred by the Administration, might not be very great: it would require that from 1982 9.5 per cent. of the oil imported into the U.S. is carried in U.S.-flag vessels. But it would represent the acceptance of a principle which has always been rejected by the U.S. in the past. It is totally at variance with the American position on trade as expressed in North-South dialogue and in other international bodies.

Precedent

The background to the Bill is the steady decline of the U.S. merchant marine since the war, mainly because of high construction and operating costs. Although some parts of the American shipping industry are competitive by world standards, it has been necessary for the Government to provide operating subsidies and construction differential subsidies to prevent the decline from going further. But the maritime unions have wanted more. In 1972 a Bill was introduced in Congress which would have reserved 30 per cent. of the country's oil imports for U.S.-flag carriers. It failed, was subsequently reintroduced and, in the emotional atmosphere brought about by the oil crisis, was passed—only to be vetoed by President Ford, mainly on the grounds that it would impose unnecessary costs on the consumer and would set a bad precedent for U.S. trade policy.

During the 1976 election campaign Mr. Carter is said to have promised the maritime unions, in return for their financial support, that he would help them over the cargo preference question. The precise nature of this promise is not clear, but it was evidently firm enough to cause the President, against the almost united opposition of the executive branch (and of many foreign governments), to support the 9.5 per cent. proposal, as a more palatable substitute for the 30 per cent. which had been demanded. The Bill in its revised form was approved by the House Merchant Marine Committee and is likely to be approved by the full House this autumn: prospects in the Senate are uncertain.

For some years protectionism has been gathering strength in world shipping, stemming in part from the desire of the developing countries for preferential arrangements to bolster the position of their national fleets. To some extent this desire has been met by commercial arrangements within the conference system or by bilateral agreements, but the pressure on those shipping industries whose main business is cross-trading, that is, the transport of cargo between third countries, is likely to grow. Although one or two industrial countries, notably France, have special provisions to protect their oil shipping, there have been few moves as yet to introduce national cargo reservation into the bulk trades.

Domino effect

The Americans have strongly resisted the introduction of preferential rules by the developing countries, on the grounds that their effect is to distort competition and increase costs. The U.S. was one of the countries which voted against the UNCTAD liner code; this is designed to parcel out the business so that of the cargo carried between two countries, 80 per cent. is equally shared between vessels of the two trading partners, with only 20 per cent. left for cross-traders. For the Americans to introduce a preferential measure of their own, in response to domestic lobbying, is contrary to their position on shipping policy and on trade as a whole. Governments of other shipping countries have warned that the Bill, if passed, may have a domino effect in world shipping. It may be that the vigorous counter-attack now being waged in Congress will defeat the Bill, but the fact that President Carter has supported it will encourage other protectionist groups to keep up the pressure.

How not to run an alliance

THE CUTS in British defence expenditure announced last December — and now criticised in the NATO letter to the Defence Secretary, Mr. Mulley — formed one of the more politically insensitive acts of the Government. Yet, however strong, and even unprecedented, the language of the letter is, the letter itself still makes only part of the case. There is some, fully deserved, criticism of the British behaviour: there is none whatsoever of the Atlantic Alliance, which should never have allowed the cuts to take place, at least in their present form.

The points that the letter does make, conclusively enough, are as follows. The cuts announced in December were not the first of their kind. They were a continuation of a process which was supposed to have ceased with the completion of the British Defence Review of 1974-75. The Government, in fact, went on cutting to the point where reductions amounted to nearly 20 per cent. of the expenditure planned before that Review was conducted.

Moreover, British Ministers had been regularly attending meetings of the NATO Councils at which it was agreed that the military balance in Europe was shifting in favour of the Warsaw Pact, and that the defence effort of the NATO allies ought therefore to be increased. The last such meeting took place only a few days before the December cuts were announced. For all practical purposes, Mr. Mulley might as well not have been there.

More crucial

There are two even more crucial points, however, of which the letter makes no mention. The first is that if the British Government was really convinced of the need to go on cutting, there were better ways of doing it than by proceeding unilaterally. The second is that if the defence, foreign and finance ministries of the key NATO partners had had a better understanding of each other's activities, the cuts need never have taken place.

There is a specific provision in the NATO treaty which allows any member of the alliance that feels its defence burden has become too large to go to the NATO Council and ask for redistribution. At least in terms of defence expenditure expressed as a percentage of GNP, the British contribution probably was too high. Yet at no stage did the Government choose to resort to the established procedures for adjustment. Instead, it preferred repeatedly to make its own cuts, and then tell NATO.

An appeal for burden-sharing would have meant a readiness to give more political weight to others, notably the West Germans. That never happened. The result is that Britain maintains its widespread contribution to the alliance — in central Europe, in the Channel and in the Atlantic—although, because of the cuts, the resources are too thin to be fully effective. That is to the advantage of neither Britain, nor the alliance.

Not talking

The other point which the NATO letter naturally omits is that the key membership of the alliance is, by and large, identical with the key membership of the International Monetary Fund. It will be remembered that Britain was being asked to make cuts in public expenditure in order to meet the terms for the latest IMF loan.

Neither the U.S. nor the West German administrations wanted those cuts to come in the defence sector. It was not in their own interests for them to do so. If the relevant departments of both administrations had been talking to each other, the cuts—or the loan—could have been stopped. As it turned out, no one woke up to that possibility until both the cuts and the loan had gone ahead. That is not the way to run an alliance.


A British Aircraft Corporation Lightning supersonic interceptor (right), and a Strikemaster light trainer and combat aircraft, of the types in use by the Royal Saudi Air Force.

Saudi deal: U.K. opportunity

By MICHAEL DONNE, Aerospace Correspondent

THE contract involved in the new Memorandum of Understanding with Saudi Arabia which Mr. Fred Mulley, Secretary for Defence, is expected to sign this week, and which is worth over £500m., is more than just Britain's biggest single export deal, involving as it does the British Aircraft Corporation as prime contractor and up to 750 other U.K. companies. It is a significant four-year continuation until 1982 of the original five-year deal signed in May, 1973 (and which is due *to end next year*), *whereby* Britain undertook to create virtually from scratch, and support until it could stand on its own feet entirely, the Royal Saudi Air Force.

Supersonic fighters

The BAC sold a small number of Lightning supersonic fighters and Strikemaster trainers to Saudi Arabia in the early 1970s, worth up to about £90m. The 1973 deal was intended to turn that nascent air force into a much bigger and stronger affair. So far, it has involved spending more than £300m., so that already Britain has benefited by more than £400m. The new deal due to be signed carries the whole development programme a stage further. While it is officially said to be worth about £500m. over the four years, in fact inflation, contingencies, and additional requirements that seem likely to emerge will probably result in it eventually being worth about £850m.

The new deal, as with the previous contract, has nothing *to do with the proposals already* announced for Saudi Arabia to help finance substantial purchases of Western aircraft, arms and equipment through the Arab Military Industries Organ*isation, and for the establish*ment of an arms manufacturing industry in Egypt. These are separate matters, involving independent negotiations, and the success of the U.K. in the current deal does not necessarily imply success in the other programmes.

More significantly, however, the new arms deal opens for Britain further opportunities to win the even bigger development contracts that Saudi Arabia is considering for the future, outside the military field and going well beyond the comparatively straightforward requirement of establishing an air force. It is already well known that Saudi Arabia has a £75bn. long-term economic development programme of its own, and British companies stand a chance of winning some share of that provided they can maintain their record of delivering on time and at the agreed price, which have been the main factors influencing Saudi Arabia in staying with BAC and its partners on the air force programme.

So far, the deal with Britain has involved welding the Lightnings and Strikemasters delivered some time ago into an *operational air force capable of* combat. This has included building runways, taxi-ways, roads, hangars, radar sites, missile sites, and providing the myriad ground engineering and maintennace and other support services any air force needs. In addition, it has involved building houses, schools, hospitals, shops and clubs and other requirements not only for the 2,000 BAC personnel working in Saudi Arabia on the contract but also of those of the 15,000 Royal Saudi Air Force personnel.

The overall aim of the initial five-year contract was to achieve the speediest progress towards the complete take-over and day-to-day operation and maintenance of the RSAF by *Saudi nationals*. This remains the objective of the new deal. But, inevitably, it is a long-term objective, and in some areas it may not be possible to complete "Saudisation" by 1982, so that the possibility of yet another follow-on contract then cannot be overlooked.

The BAC is careful to point out that Saudi Arabia is able to shop around for its suppliers, and is not committed to the U.K. This has already been made clear by the RSAF's choice of aircraft. The original 40 Lightnings and 46 Strikemasters remain in service, but they have been supplemented by the purchase of more than 100 U.S. Northrop F-5 fighters and more recently the Saudi Arabian Government has been considering the possibility of *buying French Mirage jets*, while also looking at the latest aircraft that the U.S. has to offer in the shape of the F-15. The BAC itself is in a position to supply Saudi Arabia with Jaguar strike aircraft, and perhaps also eventually Tornado multi-role combat aircraft. But, so far, the contracts it has with Saudi Arabia are solely for development and support, and any further aircraft deals will be additional to the contract now about to be signed.

The main areas

The requirements of both the existing and the new contracts are tough, with the BAC and its partner companies being regularly monitored in their performance not only by the Saudi Arabian Government itself but also by the Ministry of Defence, since the deals basically are between the two governments under the terms of the original and new Memoranda of Understanding.

The programme, as already established, covers ten main areas:

- Technical support of all the aircraft in the RSAF, including the Lightnings, Strikemasters, F-5s and transports such as Lockheed C-130s. This involves the provision of extensive ground engineering and maintenance facilities;
- The flying training of all the pilots in the RSAF, at the new King Faisal Air Academy at Riyadh, and at the Lightning conversion unit at Dhahran, set up under the original contract;
- Technical training and English language training in all the disciplines and trades required by a modern air force, at the new Technical Institute at Dhahran;
- "On the job" training at the main bases, at Tabuk, Khamis Mushayt, Riyadh and Dhahran;
- Provision of supply staff to augment the RSAF personnel;
- Motor vehicle maintenance;
- Armament support, ensuring that all the missiles and other weapons are usable at a moment's notice;
- Provisioning and procurement, which means buying and providing everything from toilet paper to aero-engines;
- Construction and building maintenance, including roads, runways, taxi-ways, hangars, houses and other engineering works; and
- *Aero-medical services.*

The scale of some of these operations is vast, as can be gauged from the fact that the building programme alone has so far cost over £100m., with more work in progress. The education and training of RSAF personnel is in itself a mammoth operation, and the new Technical Training Institute at Dhahran, built under the original contract, is considered to be one of the showpieces of the Middle East. Some 500 students a year are taught English to the required technical standards, and then taught basic engineering in the 44 specialist trades covered, with some 200 BAC instructors. The graduates, who will form the backbone of the RSAF, then go on to the main bases for on-the-job training.

Procurement itself is a major operation, since Saudi Arabia itself makes hardly any of the myriad items that the 2,000 BAC personnel and the 15,000 RSAF personnel requires. As a result, most of the items are bought in the U.K. by the BAC and shipped to Saudi Arabia, either by air or sea, but mostly by long-distance trucks which operate a "conveyor-belt" system of supply of everything, from food and furniture, to engine spares. The companies from which BAC buys what it needs have found that supplying Saudi Arabia can be a tough task, requiring high quality as well as on-time and on-price deliveries. BAC says that while performance has generally been good, it has been necessary to inject some of the tougher aerospace disciplines into the softer techniques found in some parts of British industry, and there is a constant drive to ensure that goods are *supplied on schedule* and to the standards of quality required.

Master-minded from Warton

The whole operation is master-minded from a big "Saudi Complex" at the BAC's Military Aircraft Division headquarters at Warton, Lancashire. Heading the operations is Air Chief Marshal Sir Frederick Rosier, the director in charge in Saudi Arabia, living in Riyadh, while at Warton the general manager is Air Commodore N. W. Kearon. Between them, they are responsible for ensuring that all the supplies move through to Saudi Arabia on time. So closely in contact is the Warton complex with what goes on in Saud… that every morning … officials there know th… readiness of every … craft—as quickly as … RSAF itself in Riyad…

The BAC stresses … cause the Saudi Government wants to control, by trained nationals as soon as p… the Saudi monitoring … day-to-day efficiency of … and its partners is … BAC can fairly claim that the measure of it… so far in meeting the … the original contract … trated by the award of … contract. There was n… fact, to prevent th… Government from turn… where to find org… capable of completing … the BAC and its part… begun. Moreover, co… tinued high level of … over the period to … ensure that BAC is … for any further follo… to complete the progr…

The BAC is deter… win any such further contract if it can, b… nises that it will have … fill with the contract … signed on Wednesday … Arabia. But beyond … point programme alre… way, it is obvious th… RSAF itself grows, it… ments will expand. It … new aircraft, weapon… depots, ammunition st… airfields, and all the … *buildings*.

Collectively, these amount to several bi… pounds, beyond the val… latest deal. Whether … and its partners get … of these prospective … remains to be seen. B… centive is there, and t… than anything else, is … term significance of … which Mr. Mulley is d… on Wednesday.

MEN AND MATTERS

Urgent call to the doctor

Up Wigan way they are keeping their fingers crossed for Dr. John Blackburn, economist turned textile tycoon. With fingers crossed more than most are Jock Brown and Pat Walker, senior officials of the 46,000-strong Amalgamated Textile Workers' Union. It was they who appealed to Blackburn to make a takeover of Rivington Carpets, the local subsidiary of Bond Worth—which collapsed last month with debts of £20m.

Blackburn has had to act fast, for two reasons: first, receivers Touche Ross gave notice to all 270 production staff last week; second, Blackburn himself took a new job only three weeks ago as deputy chairman of William Reed, the Yorkshire dyers and weavers. Previously the 54-year-old Blackburn was joint managing director with the Vantona Group—where the textile union once before showed its confidence in him by backing the Vantona merger with Spirella.

The purchase of Rivington by Reeds is due to go through this week (price undisclosed). Blackburn is easily the coolest person involved in this rush of events. "I came in to broaden the activities of Reeds," he says. "I'm sorry it has taken me so long." Over at the Rochdale offices of the ATWU, I asked assistant general secretary Walker if the union felt it had a special relationship with Blackburn. He replied warily: "We have very good relations with all the employers in this industry. But we just happen to have a high regard for Dr. Blackburn's capacities—we think he can save Rivington and so does he." Perhaps the union also recalls that ten years ago, when he was with Carrington Viyella, Blackburn played a key role in rescuing everything possible from the wreckage of Cyril Lord's carpet empire.

"There is nothing new about it—passengers have got used to hanging about London Airport waiting for a flight!"

Ringing the bell

You might well think that while dealing in billions around the globe, Lloyd's of London has little time to bother with domestic social problems. Yet Lloyd's is setting an example to the City as a supporter of the Government's Work Experience Programme, which seeks to lessen the current woes of unemployment among under-18 school-leavers.

Courtenay Blackmore, the head of Lloyd's administration, launched a survey to see how many jobless teenagers could be fitted in. It was decided to take them on in batches of ten to do six months' training—for which the government gives a subsidy. "It has been a great success," says Blackmore, who reports that some of the school-*leavers will be staying per*manently with Lloyd's, while others go off to jobs elsewhere. Most of them start doing basic clerical work in Chatham, to which Lloyd's is moving its administrative offices; Blackmore is happy that the initiative he and his staff have taken makes a small dent in the chronic teenage unemployment in the Medway towns.

For bold spirits

It is not often one sees the creation of a brand new insurance company—in fact, over the past couple of years the traffic has been more likely to be in the opposite direction. But for better or worse, subscription lists are open for Pacific and General Insurance Company, inviting the bold to put sums of £7,500 and upwards into the venture.

The new company, registered with the Department of Trade in the usual manner, is the brainchild of Rodney Turney and Alan Coombe. Between them, they have been immersed in the insurance industry for a combined total of 50 years. Turney's experience has been acquired through spells at insurance brokers Price Forbes (now Sedgwick Forbes), a Lloyd's underwriting syndicate and at H. S. Weavers (Underwriting) Agencies. Coombe had less of the wanderlust, spending his time at the huge C. T. Bowring group. But both are experts in the North American casualty insurance market; it is on this business, together with property insurance, that Pacific and General pins its hopes.

This particular area of insurance is a grey one for most of us. The company is at pains to point out that it is in the business of "umbrella" liability, rather than primary business—*which apparently means it only* takes a layer of the business and ties up the ends that the others leave loose. But it still seems appropriate that the £7,500 minimum entrance fee would appear to frighten off the average widow or orphan.

Interest has appropriately been shown in Pacific and General in San Francisco. Two gentlemen from those parts, Gisbert E. Von Bolschwing and Sidney J. Golman, sit on the Board. More support should be forthcoming from British insurance brokers, especially since 46 firms have been told about the company.

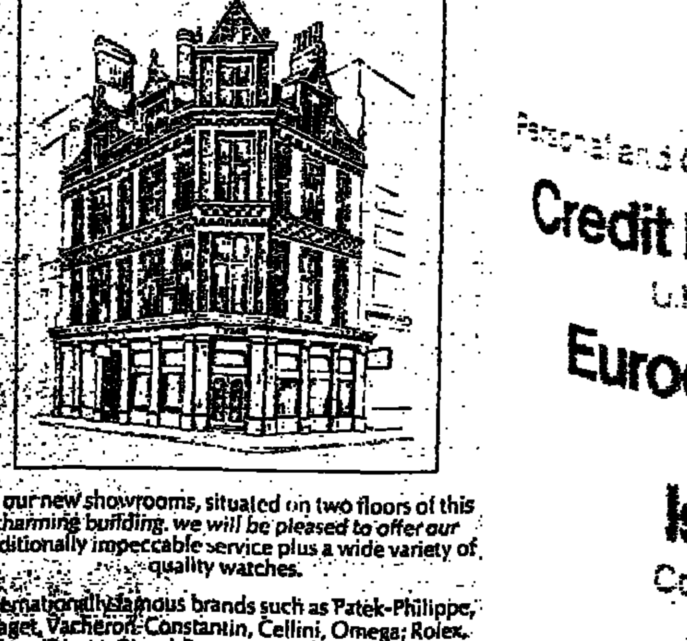
Still, there is no hurry. The prospectus says that if the company has not been subscribed to the minimum tune of £1.5m. (more is perfectly acceptable, up to £3m.) by December 31, 1977, everyone will get their money back.

Under-exposure

The latest issue of that estimable magazine called Index arrived on my desk yesterday, containing exposures of censorship and repression of the Press everywhere from Argentina to Yugoslavia. But when I turned to page 80, to read the potted biographies of the contributors, nothing was there. Nor were the Letters to the Editor, as also promised by the list of contents.

Was the absence of pages 65 to 80 an alarming manifestation of *self-censorship by Index*, the last-minute removal of something too hot to publish? A call to the editorial offices provided reassurance: through a technical hitch, a part of the magazine was lost at the printers.

Observer



FINANCIAL TIMES SURVEY

Monday, September 19 1977

U.K. Banking

A major turnround in financial markets has occurred during the past 12 months, with the pound strong, unprecedented inflows of foreign currency, an improving current account and a sharp decline in interest rates. But industrial activity and consumer dema¬d have remained low and growth in bank lending has been slow.

K contrast between ditions in financial nd the uncertain economic activity been better illus- in the last few days. s have been rising evels, interest rates alling and a strong been coupled with flows of foreign l this together with rent account surplus table evidence of a last in the rate of contributed to the phoria in financial In contrast, retail only just started to n the lowest levels ars and industrial is lower than a year per cent. below the utput nearly four

ure in what Mr. y, the Chancellor of ier, likes to call the my," is depressingly h that of a year ago has been a major in conditions in rkets. The crisis of rom the early spring autumn of last year d in December and a combination of the with the Inter- onetary Fund, the borrowing and mmitments, and the ment on the sterling

The result has been seen not only in foreign exchange markets where the pound has been firm for most of the year with the official reserves rising by $10.7bn. to $14.8bn. but also domestically in a sharp fall in interest rates with the clearing banks' base rates down from 14 to 7 per cent.

The improvement in confidence rested on the belief that a number of key economic factors which had been deteriorating were being swiftly corrected. At one level, there was concern about the level of public spending and the impact of large-scale public borrowing on the growth of money supply. The rapid growth in the public sector borrowing requirement in the mid-1970s, to well above forecast levels, had so undermined confidence that three separate packages of spending cuts in 1976 were necessary.

Requirement

In practice spending and borrowing were both coming under control even before the December package was introduced. The borrowing requirement for 1976-77 turned out to be more than £3bn. less than projected at the start of the financial year. And in 1977-78 borrowing has so far been well within the £8.7bn. ceiling.

The impact of the associated tightening of controls, in particular the imposition of cash limits on spending, has been so large that expenditure has run at well under planned levels. Consequently with revenue boosted by inflation, the borrowing requirement is now clearly under control — and indeed many economists, notably the National Institute, argue that not only is the borrowing requirement a perverse discipline in itself but that the ceilings adopted have produced an unnecessarily contractionary influence on activity.

The revival of confidence has also rested crucially on an improvement in the current account as North Sea oil production builds up. The deficit has declined from £1.4bn. last year down to £404m. in the first eight months of 1977 with a move into substantial surplus—possibly of between £1.5bn. and £2bn.— confidently expected by all economists for next year.

Behind all this has been the battle to reduce the rate of inflation. In spite of the effectiveness of phases one and two of the pay policy an improvement was delayed by the impact of the sharp fall in sterling last year. But now the turning point has clearly come with the 12 month rate of increase in the retail price index expected to fall steadily during the autumn from the peak summer rate of 17.7 per cent. down towards the official target of a 12 to 13 per cent. rise by December.

But the policies necessary to bring about these results have not been costless for the level of economic activity. The rate of economic growth so far this year has been negligible; indeed, Gross Domestic Product has fallen slightly in real terms. The strict fiscal stance adopted by the Government, the tightening of public spending controls and actual cuts, have all contributed to the low level of activity. This has also been affected by the clear commitment to tight monetary policy, as reflected in the record interest rates of last autumn and the reimposition of the corset controls.

The implications of all this for the banking community are that while the financial constraints and climate in which the banks operate have changed considerably in the last year, the underlying business conditions have altered remarkably little with only a slight pick up so far in the rate of growth of bank lending to industry.

Little real change

By Peter Riddell, Economics Correspondent

This has been masked during the last 12 months by sharp fluctuations in the level of borrowing associated in large part with foreign exchange market conditions. Thus between July and October last year bank lending in sterling to the U.K. private sector was £1.2bn., which went in part to finance leading and lagging on import and export payments. In contrast, lending fell by £140m. between January and April which was in turn associated with the reversal of these leads and lags.

As these factors have worked through the system and interest rates have fallen, bank lending has started to recover. The rise in the late spring and early summer seems to have been explained primarily by borrowing by retailers and wholesalers, probably reflecting the involuntary stockbuilding of the period, and by individuals rather than by manufacturing companies.

The rise in bank borrowing has so far not posed any threat to the Government's monetary targets. These are the 9 to 13 per cent. range for the growth of sterling M3—the broadly defined money supply—during the current financial year, and the £7.7bn. ceiling for domestic credit expansion over the same period. The large sales of gilt-edged stock during the last couple of months have helped ensure that monetary expansion is within the target range for the time being. Indeed with demand for bank credit remaining moderate the corset controls were imposing no immediate restraint on most banks and were suspended in mid-August.

There has, however, been some concern among City analysts that the combination of a revival in bank lending and a continuation of the recent heavy inflows of foreign currency from overseas could put pressure on the targets.

Although there may be signs of a recovery in bank lending to parts of the private sector, the prospects are not clearcut. While the expected pick-up in output during the next year as inflation comes down should increase the demand for finance, there may be only a limited immediate increase in physical stocks after the involuntary stockbuilding of the first half of the year.

However, industrial and commercial companies are already in significant financial deficit even before the pick-up begins. This is in spite of a recovery in profits which has been heavily concentrated in companies associated with North Sea activities—accounting for more than half the 25 per cent. rise in gross trading profits net of stock appreciation in the year to the first quarter.

Other companies have been less well placed with heavy calls for cash both to finance stock levels and the replacement of existing capital let alone expansion. Fixed investment remains low in real terms; although there has been a small recovery in capital spending so far, some of the more bullish surveys pointing to a large growth in investment this year and next are looking rather optimistic in view of the modest rise in demand, considerable spare capacity, low real rates of return and uncertainty about inflation.

Uncertainty

Inflation provides the key to many of the discussions about the future course of the economy. This factor is obviously less immediately important than if the U.K. was still in sizeable current account deficit. But uncertainty about the level of pay settlements during the coming year clearly creates doubt not only about the prospects for single figure price inflation next summer but also about the hopes of halting the steady rise in unemployment at some stage next year.

The current view in financial markets is that there will not be a wages explosion but that average earnings will rise by between 12 and 17 per cent. in the year to next July compared with the official target of a 10 per cent. increase—an unhealthily high rate of inflation but not disastrous with the benefits of North Sea oil beginning to accrue.

A swift recovery

THE MASSIVE turnaround in financial conditions and confidence during the past 12 months has nowhere been shown more clearly than in the foreign exchange market. In mid-September, 1976, the pound was falling steadily day by day with no intervention, however large, apparently able to stop the pressure for more than a short time with the result that the U.K. was forced to make a hurried loan application to the International Monetary Fund. The position now is almost completely the reverse; sterling has been strong for most of the year with the rate held down by the authorities, and concern is far more with how to deal with large inflows and whether to stop borrowing from the Fund.

The crisis last year reflected both a belated adjustment to a loss of price competitiveness in 1974 and 1975 and the loss of confidence in the British Government's ability and willingness to control a number of key financial aggregates. A fall in sterling during the year was to some extent always likely since the rate of inflation in the U.K. had been running at roughly twice the average for countries in the area of the Organisation of Economic Co-operation and Development.

The sharp fall from over $2 in early March was both triggered and aggravated by initial mishandling by the authorities, who appeared to be encouraging a fall in the rate. This contributed to the loss of confidence which was only halted temporarily by a series of increases in interest rates and by the agreement in early June, 1976, on the $5.3bn. standby credit facility from central banks. The provision of this facility rested on the unwritten but clear assumption that the U.K. would put its house in order, and to a limited extent this was achieved via the July package of spending cuts.

This always appeared to be a temporary position, because both of the six-month duration of the standby and the low level of reserves. The pound remained vulnerable to further withdrawals of official sterling balances—down by £1.4bn. during 1976 as a whole—and from alterations in the pattern of commercial payments, known as leads and lags.

This meant that the authorities had little left in their locker when pressure developed again in September as a result of concern over the accelerating rate of monetary expansion. So a short-lived period of free-floating—sharply downwards in practice—was followed by the only remaining step of an application to the Fund.

Neither this approach nor a rise in Minimum Lending Rate to a record 15 per cent. halted the decline, and nervousness about future exchange rate policy and possible opposition to public spending cuts were followed by a drop to a low of $1.55½ at the end of October.

A hesitant recovery then started—based on growing expectations about a large-scale package of further spending cuts and on reports about a safety-net arrangement for the official sterling balances. Action was also taken to tighten monetary controls via the reimposition of the so-called corset control.

The Government's battle to restore both internal and external financial control was effectively won following the announcement of an agreement in principle with the IMF and the publication of the letter of application with its agreed ceilings for both the borrowing requirement and domestic credit expansion.

Approval

This appeared to place an international seal of approval on British policies, and was followed by the provisional agreement in early January (at the meeting of central bank governors in Basle) on a $3bn. safety-net facility for the sterling balances. This was coupled with British proposals to offer medium-term foreign currency bonds to the official balance holders.

The Basle agreement was followed by a further rise in sterling to a peak of $1.72¾ and the Bank of England held the rate at around $1.71 to $1.72 until the end of July. This has involved regular, and often sizeable purchases of foreign currency which had boosted the official reserves by $10.7bn. to $14.85bn. at the end of August. Even when official borrowing of nearly $3.9bn., including around $1.9bn. on the IMF standby and $1.1bn. out of $1.5bn. on a Euromarket loan agreed in January, has been deducted the underlying inflow has still been $6.8bn.

The extent of the turnaround in currency flows is shown by a combined current and capital account surplus of £2.81bn. in the first half of this year, compared with a deficit of £3.63bn. in the whole of 1976. So far, the improvement has come almost solely on capital account. This has reflected in particular the unwinding of the leads and lags and a once-and-for-all inflow of about £1bn. resulting from a change in exchange controls on the use of sterling to finance third country trade.

In addition, there have been changes in the pattern of long-term investment flows as well as a build-up of hot-money deposits attracted on interest rate grounds and by confidence on the future of sterling. The extent of these more volatile flows is difficult to gauge but could be between $2bn. to $3bn. out of the rise in reserves, much of which has been attracted since mid-July.

The recent inflow has occurred despite the failure to agree on a formal third phase of pay policy and was triggered by the weakness of the dollar in July. The official policy of maintaining a stable sterling exchange rate against the dollar meant a slight fall in the trade-weighted index from 61.6 to 60.6 during July. Consequently in late July the authorities switched their emphasis towards the trade-weighted index as a guide to maintaining stability and allowed a small rise in the dollar—of about two cents to just under $1.74 with a trade-weighted index of 61.7.

This slight appreciation did not prevent further large inflows and the Bank of England reacted by allowing two half-point cuts in Minimum Lending Rate in early August. The inflow then eased off but became rather larger again in early September, partly as forward contracts matured. Although the official aim has still been to maintain a stable value for sterling, there has been slight appreciation in both the dollar and, to a lesser extent, in the trade-weighted index in the last few weeks.

The combination of a stable exchange rate and sharply rising reserves has led to speculation that the U.K. may cease borrowing from the Fund at the end of the year and has stimulated an intense debate both within the City and among economists and policy-makers. At one level, there has been concern that a large inflow will undermine the Government's monetary targets. But as last week's Bank of England Bulletin pointed out, "so far this year the money stock has remained within the declared target zone with the expansionary contribution of external factors offset by low domestic credit expansion" (following continued heavy sales of gilt-edged stock).

Opposed

The worry in the City is that this may not continue and that the Government will either have to allow an appreciation in the rate or it will alter exchange controls to reduce the inflows. At present, the authorities remain firmly opposed to a significant rise in the rate, for longer-term reasons discussed below, while they are wary of allowing an outflow of potentially long-term capital on the basis of possibly volatile short-term inflows.

Moreover the Bank Bulletin also pointed out that in future the strength of sterling may be more associated with an improvement in the current account than with sizeable capital inflows, as has happened up until now. It is argued that this may not necessarily lead to a significant increase in the money balances required by U.K. residents since a sizeable part of the surplus will be reflected in increased profits of the oil companies operating in the North Sea, which will be partly remitted abroad, or paid to the Government in revenue.

It is possible that a continuation of the recent sizeable inflows might force the imposition of some controls on inward investment, as in the early 1970s, though the authorities believe that some of the recent inflows could easily be withdrawn on interest rate grounds or if the pay policy background became unfavourable.

There is also a longer-term debate about exchange rate policy and inflation. On the one hand, it is argued that the pound ought to be allowed to float freely since a tight monetary policy cannot hope to succeed unless it is allowed to have its full effect on the exchange rate. On this view, an upward movement of the rate under the pressure of market forces is the most efficient way of reducing inflation. In the current climate of uncertainty over pay it would have the twin attractions of reducing price quickly and strengthening employers' resistance to pay claims by putting pressure on margins.

The alternative view is that the exchange rate ought to be allowed to fall further to stimulate the price competitiveness of exports and to allow the necessary restructuring of industry during the period of the temporary benefits of North Sea oil. Moreover it is pointed out that with a continuing gap between the rate of price inflation in the U.K. and overseas competitiveness has already been eroded by the stable exchange rate policy this year.

Comparisons based on relative rates of inflation are open to dispute since they depend not only on the base date but also the exact measure adopted — relative unit costs, export price competitiveness or export relative profitability. However, on the basis of export price competitiveness, the U.K. is now only back to the position of early 1973 before the sharp rise in oil prices.

The official attitude is that a stable exchange rate is right, not only on short-term grounds because of uncertainty over pay, but also because of scepticism about the extent of the braking effect on inflation which might be exerted by an appreciating exchange rate.

Peter Riddell

INDUSTRIAL INVESTMENT

Under attack

ARE BANKS one of the causes of Britain's lack of industrial success? This question has been asked persistently over the last two years. One result has been that it is now official Labour Party policy to nationalise the clearing banks—however much the government may seek to play down that fact. Another is that the Wilson committee studying the financial institutions has called the banks into the witness box to justify their current practices.

The gist of the Left's anti-bank argument, as distilled from the Labour Party's submission to the Wilson committee, is that British banks do not mobilise the savings of the public as effectively as their counterparts in France and West Germany, that their power is too concentrated, that they use this power too sparingly to fund industry and too readily to fund undesirable areas like property speculation.

The banks have vigorously countered this conclusion with an advertising campaign designed to demonstrate that public opinion in the U.K. is strongly against bank nationalisation. In their evidence to the Wilson Committee, the London Clearing Banks stress that the relatively low level of bank lending to manufacturing industry "is explained primarily by (industry's) own unwillingness to make use of the bank finance made available to it." In February, 1977, they explain, the total of loan and acceptance facilities made available by the London Clearers to manufacturing industry was over £10bn., the largest of any category, but the use made of these facilities was the lowest of any category with only 47 per cent. of the total taken up.

This defence evidently prompts the charge that the price of bank borrowing is too high and its terms too tough. The banks try to refute this argument in their evidence, saying that "because of the strength of the larger industrial corporations, a high proportion of total lending to them is on a wholly unsecured basis." They say that where, in the case of smaller companies, they have to have security, "the decision to realise that security is never taken lightly . . . the banks prefer to be able to nurse an ailing company back to good health rather than see it fail."

As to the cost of bank loans, the banks "have no hesitation in saying that the rates at which they lend to industry are reasonable in that they represent a modest and entirely legitimate margin over the cost of funds." They claim that the clearing bank's pre-tax profits have represented no more than an average 1.31 per cent. return on their advances and other interest-earning assets.

The banks have changed their ways in response to industry's demands in the middle 1970s. These years produced a special need for medium-term finance in the five-ten year range. Whereas banks were traditionally reluctant to extend such finance, the London clearers now claim that 40 per cent. of lending to trade and industry is in the form of term loans. It is said that a significant part of this term lending is, in fact, "permanent overdraft" dressed up as term lending, but the fact that new term loans are also being made was demonstrated by the recent disagreement between Barclays and the head of Barclays Merchant Bank as to which should be the provider of medium-term finance.

Problems

The clearing banks concede in their evidence that there are problems in the supply of long-term finance of between 10 and 20 years and in the provision of risk capital for smaller companies. They also allude to a "proprietorial gap" left by the demise of the wealthy individual who was prepared to be private shareholder and entrepreneur and the rise of the investing institution which tends to invest only in large companies and at "arm's length."

Two attempts to solve these problems are Finance for Industry (FFI) and Equity Capital for Industry, both of which have the clearing banks directly or indirectly among their sponsors. FFI was set up in the winter of 1973 as an umbrella for the already well-established Industrial and Commercial Finance Corporation (ICFC), which provides long and medium-term finance to small and m sized businesses, and Fi Corporation for Industry (which finances large scale trial projects. The Ba England and the clearing put additional capital in a year after is formation clearers now have 85 per and the Bank of England cent. of shareholders totalling £115m.

FFI currently has £54 mitted to industry and cently a further available for new inve As the Bank notes evidence to the committee revival of the equity mark improvement of cor liquidity following the changes of November, 19 conditions of deep recession and low pro diminished the dema loans. FFI could offer

FFI, is in turn, one backers of the Equity C for Industry, the bulk of shares are in the hands investing institutions. A set up in June, 1976, not really get under w February, 1977. Its provide equity capital trial companies which readily raise new capital market sources. It is to say whether ECI road to success, likely that its strategy is still in Yet the fact that body has only commi to industry and th investment. Bond carpet manufacturers, disaster suggests that vestments of the interest are hard to find.

The recent experience and ECI, the evidence banks, and, indeed, th majority of thoughts sub to the Wilson Committee suggest that a period of slow-and-easy credit is time to look for bottlen the flow of finance fr saver to industrial inve It is only when industry to want capital again th will be able to form whether the City is pr limiting factor because gerontism, or predudice e ever.

Nicholas Cold

MONETARY POLICY

A more central role

MONETARY POLICY, often a controversial instrument of regulation, has in the past 12 months been cast for a more central role in the management of the economy than for many years past.

Firm target limits on the growth of money supply, applied through a newly defined concept of domestic credit expansion (DCE), have been adopted since late-1976. This has been in line with the views of the International Monetary Fund from which at the end of last year, in crisis conditions, Britain negotiated a $3.9bn. loan to avert any further withering of confidence in sterling.

With the IMF bank manager in the background, the DCE targets have been enforced with a new seriousness and determination and with a battery of revived or novel apparatus.

The old "corset" control exercised over the banks' interest-bearing deposits as a means of regulating their lending was refurbished last year and introduced as a new disciplinarian—only to be discarded again recently, in a move showing that money supply is now considered comfortably within intended limits.

And such new devices as partly-paid gilt-edged stocks—spreading out the calls on new Government bond issues to absorb cash in a desired pattern—have also been launched by the Bank of England in an effort to achieve that stability of conditions which is now a much-discussed keynote of official objectives.

Stiffer

What is not in doubt nine months after the IMF loan agreement—and last autumn's stiffer fiscal as well as monetary measures—is that the financial climate has been transformed. So great was the boost to confidence in sterling from the IMF backing and related international credit support, that the pound's standing has since been strengthened almost out of all recognition, helped by the improvement in the balance of payments with the aid of North Sea oil flows.

On the back of the steep fall in interest rates, which has offered investors the prospect of capital gain as rates fall further after they have bought stock, the Government has carried out an unprecedentedly large cash-raising operation in its own gilt-edged stocks. In 1976-77, mostly in the latter months, the Bank of England sold £6.4bn. net of gilt-edged securities to investors outside the banking system, and it has followed up with further sales of some £6bn. so far in 1977-78. In the process it has kept the money supply firmly in check by sweeping plentiful cash into the Exchequer while at the same time mopping up much of the inflow of foreign money.

The move towards promotion of monetary policy to play a more crucial part in economic management can be traced back to the spring budget of 1976, when Mr. Healey said, somewhat tentatively, he "had in mind (for the year ahead) a rate of monetary growth of about 15 per cent., give or take a couple of per cent."

But money supply, like inflation, continued to grow worryingly for months, not least in the autumn crisis when companies were borrowing to speed imports in an effort to forestall any new restrictive measures. In October, Mr. Gordon Richardson, the Governor of the Bank of England, supported the idea of a publicly announced target for money supply growth and suggested that the 1977-78 target should be less than the 12 per cent. expansion expected in 1976-77.

Then came the IMF agreement, coupled with the December, 1976 economic package, in which Mr. Healey named £8.7bn. as the public sector borrowing requirement (PSBR) for 1977-78, with a rather lower £8bn. for 1978-79, both much less than the huge £11.2bn. then expected for 1976-77.

At the same time, and related to this, domestic credit expansion targets of £7.7bn. in 1977-1978 and £6bn. in 1978-79 (£9bn. expected in 1976-77) were set. Consistent with the 1977-78 target was a 9-13 per cent. growth in the rather different and broader measure of monetary aggregates, sterling money supply (M3).

The DCE targets were expressed in a new way, in line with IMF views. Thus, foreign funds for private sector borrowers were excluded from the count. The theory behind this is that, if, overseas resources can be attracted, some increase in total borrowings is acceptable; but if there is difficulty in winning them, the position must be so serious that the resultant effective tightening of curbs on the home economy through its borrowings is required to generate the needed improvement in the export-import and payments balance.

Also, the new definition so works that, in so far as the public sector borrowing requirement is met by funding sales of Government bonds outside the banking sector—so pulling money into the Exchequer—there is correspondingly greater room for credit expansion in the private sector.

Corset

As an important enforcement measure, the Bank of England late last year re-introduced the "corset" system, under which the banks' interest-bearing deposits, or eligible liablities (IBELs) financing much of their lending were limited, subject to penalties, to a growth of only 3 per cent. in the six months following August-October, 1976.

To almost everybody's surprise, the PSBR, DCE and the IBELs, having previously been very buoyant, ran well within the target limits from the time of the December measures. The PSBR in 1976-77 turned out to be only £8.8bn., £2.5bn. short of estimates, and DCE growth was £4.22bn., less than half the £9bn. target. The reasons for the shortfall were the sluggish state of the economy, limiting borrowing demand, the unwinding of its heavy pre-crisis borrowing by companies in 1976, and the big sales of gilts, drawing money out of the private system from late 1976 onwards. In retrospect, it has appeared that the late-1976 restraints were particularly tough, though their psychological influence at the time on the pound in world markets was beneficial.

In the present financial year trends in monetary aggregates have continued to be subdued and developments consistent with the monetary and other targets. Government borrowing in 1977-78 has been running below last year's level and the continued heavy sales of Government stocks—some £6bn. so far—have gone a long way already towards funding the year's budget deficit.

Thus, although bank lending to the private sector has started to rise again—it was up by £1.0bn. in April-July after falling £140m. in January-April—the total domestic credit expansion at present looks lik ning well within the year's target levels. Agai background, the "corset trol on the banks was re in August, as the relevan liabilities were collectiv per cent. below the per limit, measured on a month moving average.

The Bank of Englan been facing a difficult bal act in reconciling con objectives of controllin money supply in the f hot money inflow which best be discouraged by the pound rise—a move while damping inflation, prejudice exporters' co tive power abroad. Bu marked success of the gilt stock selling boom—help the bonus of steeply falli terest rates—has facilitat reconciliation process so

Monetary aggregates co to be closely regarded monitored. But the Ba England in its latest Qu Bulletin forecasts a satisf outcome for 1977-78. "In the Chancellor reiterate determination to mainta DCE limit of £7.7bn. with the IMF, and the control of sterling M3. To the growth of M3 has bee sistent with the 9-13 pe range for the year to next and the large official sa gilt-edged in late July and August should alone that monetary expansic mains within the target for some time to come."

A shift in the basis of over monetary aggregate from the narrow DCE wider ranging M3, includes foreign funds available to British bor seems likely to be dis when the whole futu Britain's $3.9bn. loan i sidered with the IMF in N ber. The Bank of Englar in its June Quarterly Bu "As the balance of pay again strengthens, the emphasis should perhaps be placed on a target f money stock, rather th domestic credit expansion "The Bank added that it also be worth consi whether targets should specified in terms of mor one monetary aggregat updated at quarterly in so that the process of adjustments could be quickly enough respon any deviations.

Margaret

U.K. B... STRIAL INVEST... der att... Problems ... Y POLICY ... ntral r...

LEGISLATION

A new relationship

LEGISLATION TO put into effect last year's proposals for the supervision of the U.K. banking system is expected to be introduced during the new session of Parliament. The new regulations will mark a fundamental change in the relationship between the authorities and the banks, bringing in for the first time in this country a universal structure of licensing for institutions which take deposits from the public and codifying the techniques of control under the Bank of England. The principles, set out in the White Paper published in August last year, have been generally recognised to be a valuable and necessary step in improving the protection provided for depositors, in bringing the U.K. into line with the systems to be operated in the Common Market and in providing a basis for reducing the dangers highlighted by the fringe bank crisis of 1973-74.

The basis of the proposed system lies in the licensing proposals: these will provide the means, in the words of Mr. Rodney Galpin of the Bank in a paper earlier this year, to "eliminate the penumbra of self-styled Banks which have confused the public both here and abroad." Institutions which set out to take deposits from the public will be required to have a licence from the Bank, unless they are accorded the status of a recognised bank. In effect, this sets up a two-tier system of recognitions which is one of the controversial elements of the proposals.

The status of a recognised bank will carry certain important advantages. Though exempted from the licensing requirements, those institutions which achieve this position will be subjected to strict supervision on the lines which the Bank already exercises over the banks under its control. For most of those likely to be included, however, this will mean no more than continuing with the essentially informal and flexible relationship which they are already accustomed to maintain with the authorities. And banking status will carry with it the important right to use the name bank or its derivatives.

Exactly which institutions will eventually qualify has yet to be settled, and there is likely to be some argument at the margin. It is clear, however, that the criteria which the Bank will adopt will probably bring into this category those banks which have authorisation under the Exchange Control Act, those which have exemption from certain requirements of the Protection of Depositors' Act (section 127 status) and those which are recognised as banks under schedule 8 of the 1948 Companies Act in being allowed to maintain hidden reserves. It is also clear that banking status will be regarded as an important privilege.

The position of the licensed deposit-takers under the new legislation will be different. At present it is by no means sure how many of these there will be. Many of them will be organisations which at present are not supervised by the Bank, either formally or informally, and they may not have any representation in the City. Estimates of the numbers have ranged up to around 2,000 or so; but they could be less, depending partly on how far these organisations are prepared and able to meet the conditions which are laid down by the legislation and by the Bank in order to qualify for a license.

Normal

This category will, however, certainly include quite a lot of institutions which have been accustomed to carry on at least some of the normal functions of banking, including for example the issue of cheque books. And it is this proposal which has aroused concern particularly among the finance houses and among some organisations such as the smaller savings banks outside the Trustee Saving Banks network. They fear that they will be inhibited in their traditional business because of their exclusion from the use of the description "bank" or by the limitations placed on them by the licensing regulations. The Bank has been at pains to reassure the finance houses that the new rules should not in fact affect their existing business, but much will plainly depend on how the authorities finally come to exercise their new powers.

The second main area of argument has been over the proposal to incorporate in the legislation a requirement to set up a fund to protect depositors in cases where a deposit-taking institution or a bank finds itself in difficulties. This would recognise that even the most effective supervisory system cannot guarantee the safety of all the institutions covered and would ensure—like the ad hoc "lifeboat" rescue set up after the fringe bank collapses—that at least the small depositor should not lose out.

This, though, has presented a number of problems in relation both to the general concept and to the details of the various ways in which it could be organised. The one basic point which cannot be avoided is that, however the fund is set up, the main burden of contributing to the protection of depositors is bound to fall on the big clearing banks which have most of the deposits. Without their substantial support, the idea can hardly operate. But the clearing banks can argue that they do not really need such a fund themselves, and that they should not be required to provide funds to back their competitors.

These points were expressed earlier this year by Lord Armstrong, the chairman of Midland Bank. He said in his annual statement: "We are not entirely convinced that the clearing banks need contribute to a deposit protection fund. Such a fund is quite unnecessary so far as the clearing banks are concerned; and if it is thought to be necessary for other deposit-taking institutions, it seems to me that equity suggests that those institutions should provide it." It is, however, clear that some sort of fund is regarded as an essential element in the new system, though there remain various possible w which this could be carri effect.

One example is provi the U.S. system of the F Deposit Insurance Corpo where the banks contrib a premium basis/ again danger of losing dep money. This, however, number of disadvantage the point of view of th authorities; it would me the funds would take son to build up to a level could be regarded as ad to carry conviction, and i imply that those responsi running the fund would getting involved in a role of organising operations for failed insti or encouraging and hel organise rescues merger.

At the other extreme of the big banks would pa provide simply a guarar be called on only wh occasion arose. This snag that the fund woul no resources to prov income to cover its ex and the moral disadvanta an institution which go into difficulties would only one which made tribution to paying depositors. The general thinking has been towa ting up a fund of limit which would provide re available for immediate ing, backed by guaran the banks and deposi institutions.

Even if this is accepte remains a number of de be specified in the arrangements to be int by the legislation. They the basis on which contri to the fund should be cal the extent to which pro should be provided. It is likely that provisions made to exclude co deposits—funds left wit stitution for example b tors and their families limit is likely to be the White Paper sugge first £10,000 of any depo a case is recognised fo ing the coverage to rather than corporate de and for providing pr only for a proportion individual holding.

Michael Bl

LENDING

A return of confidence

THERE HAS been a consistent if unspectacular upward trend in bank lending over recent months. The underlying movement has been confirmed by the latest figures published by the London clearing banks, indicating that an overall rise of £932m. in their advances to U.K. residents during the three months to mid-August was about twice the amount expected on seasonal grounds. And there are some reasons for suspecting that this may understate the trend, in a period when the clearing banks were becoming relatively rather more expensive than other sources as providers of funds.

Nevertheless the general picture of developments over the past year is that demand for loans has remained relatively sluggish, in line with the general state of the domestic economy. Over the 12 months to mid-August, the London clearing banks' total domestic lending rose by only 12.3 per cent, substantially less than would have been needed to keep up with the level of inflation during that period.

Manufacturing industry, the main target of official encouragement, showed a rather bigger rise of over 20 per cent. But even in that area of their activities, the big banks have continued to report that they have seen little convincing evidence of a real upsurge in demand for new funds to finance expansion, rather than simply a requirement for finance to support working capital needs at inflated prices.

The situation in the banking system has allowed the Government to meet its own financing requirements with relative ease and, in the end, to keep the growth of the monetary aggregates well within the targets set for the last financial year. It may be that a renewed upturn in lending to the private sector, perhaps encouraged by the present low levels of interest rates, will again raise the frequently voiced concern over the danger of private sector needs being crowded out by public sector demands for finance. The recent developments, however, have been a marked contrast with the grave worries which were developing a year ago at a time when the U.K. was building up to the crisis which led to the application to the international Monetary Fund.

Part of the background to those developments was an increasing commitment to publicly stated monetary targets, finally adopted as part of the agreement made with the IMF at the end of the year. At the same time it was becoming clear that the country had been experiencing a rate of growth in the monetary aggregates, partly reflecting an exceptional increase in bank lending, which was far too high for comfort.

Decision

These factors led directly to the decision in early October to take action to bring money supply under control and to reassure foreign creditors with the exceptional jump in the Bank of England's minimum lending rate to its peak level of 15 per cent. The need for the move was confirmed by the evidence that money supply on the wider definition (M3) had been growing at an annual rate of about 27 per cent. during the three months to mid-September.

At the same time direct action to stem the contribution made by the banks was taken with further calls of special deposits aimed to limit the scope for increasing their lending. The process of restriction culminated in November with the re-imposition of the so-called corset controls on the banks. Under this revived technique, an apparently strict limit of 3 per cent. was set on the growth of the banks' interest-bearing eligible liabilities (IBELS) over the six-month period between the average of the August, September and October banking figures and the average of February, March and April this year, with heavy penalties for those which exceeded this ceiling.

The control looked pretty fierce at the time. The banks had seen a sharp rise in their lending, not so much to support real growth in industry as reflecting a number of special factors. These included some anticipatory borrowing by customers who foresaw that restrictions would be imposed, as well as a substantial amount which apparently went to finance the changes in the patterns of leads and lags over the exchanges which had contributed to the pressure on sterling.

The problems of the banks became apparent when the November banking figures showed that the banking system as a whole was already over 6 per cent. above the base level of IBELS under the corset, while the London clearing banks were 10 per cent. up. To bring the figure back into line with the corset ceiling, this appeared to imply a strict restraint, particularly if the banks were to continue to meet the needs of manufacturing and exporting industry as required under the official guidelines which have remained in force throughout.

The outcome proved far less difficult than seemed probable at the time. The combination of the official success in selling gilt-edged stocks to the non-bank public and the abrupt turnround in international confidence in the U.K. and in sterling around the beginning of the year made it possible to allow a sharp drop in interest rates from their peak levels.

The Bank of England was forced on several occasions during the earlier part of the year to take action—by suspending or by overriding the normal market-related formula for determining MLR—to slow down the decline. Nevertheless, the official rate came down from its peak 15 per cent. to 8 per cent. by mid-May, with the clearing banks' own base rates for lending falling from the 14 per cent. set after the official emergency measures to 8½ per cent.—to be followed by a renewed downtrend more recently.

The pressure on the banks was eased with little real effort on their own part. The reversal of the leads and lags as confidence returned itself contributed to holding down the demand for their funds, together with the return of funds following the ban on the use of sterling to finance third country trade, brought in at the same time as the corset. With the underlying growth of lending still modest the banks were, in the outcome, able to meet the corset limits without difficulty.

Their own liquidity position had also been eased by a series of decisions by the Bank to relieve the pressure of the special deposits calls on the banks. And though the corset was renewed for a further period, eventually in August it was recognised that for the time being at least the restriction was inoperative and the formula was suspended—though it can be reactivated without notice at any time.

The banks report that the use made of agreed overdraft limits remains unusually low, particularly among manufacturing industry. The main area where there has been substantial development has been in the continuing expansion of the banks' involvement in medium-term lending rather than the traditional overdraft finance.

M.B.

مكتبة الأصل

A bitter harvest

...nd of 1973 the ...l was rocked by ...ng crisis among ... banks, an up- ... threatened the ...riously than any ...ry.

... four years and ...ed millions of ...es to holders of ...oncerns affected, ...een assured, but ...es of the £1bn.- ...ain.

... partly in the ...continuing opera- ...o-called lifeboat, ...e Bank of Eng- ...ig banks to chan- ...e businesses—as the peak — from ...s were draining ...sly.

...as made to pre- ...astrous domino ... confidence from ...her through the ... It was success- ...ever catastrophic ...ions later uncov- ... fringe concerns. ...rved as a model for the rallying ...tion's unaffected big banks to ensure the safety of the system in time of difficulty as, for instance, happened this year when the other major Swiss banks made their backing available, if needed, to Crédit Suisse after its serious losses in the Ticino region.

Another legacy of the crisis is the long-term question of how such a débacle can be effectively prevented in future. Issues about the appropriate system of control and supervision over banking and the City continue to be debated and will be a key subject for Sir Harold Wilson's committee which is now reviewing the country's financial institutions.

The past year has seen some further progress in reducing the scale of the lifeboat support system run in partnership by the Bank of England, which takes a 10 per cent. share, and the big banks. The total on loan from this combined operation is now down to about £650m., mainly to the largest two borrowers, United Dominions Trust and First National Finance Corporation. This compares with some £1.2bn. at the zenith in late-1974 when the leading commercial banks called a halt to any increase in their commitment to the lifeboat.

However, there have been certain changes in the way the support is provided, notably through the Bank of England's having taken a principal—and costly—role in the past year in handling the problems of the Slater Walker Securities and Edward Bates groups. The troubles of Slater Walker emerged only in late 1975 — after the resignation of Mr. Jim Slater, the chairman — and by then the lifeboat itself had been closed to new passengers by the big banks' refusal the previous autumn to take on board any further responsibilities.

The Bank of England has thus shouldered the burden, in its traditional role as ultimate protector of the financial system, of supporting—and recently even taking over—the authorised bank in the Slater Walker concern (the non-banking remains of which have now been renamed Britannia Arrow Group). It has also, in a similar way, participated financially in the reconstruction, under Arab control, of the effectively collapsed Edward Bates concern.

1976-77 has also witnessed the logging up of yet further losses—though often on a reduced scale—for the shareholders and owners of various secondary banking concerns which suffered, not only from a cash outflow, necessitating backing from the lifeboat, but from heavy write-offs in their assets, notably property.

The total losses have been such that many secondary banks have over the last three-four years either collapsed completely and been wound up—as with London and County Securities (whose troubles triggered off the crisis), Triumph Investment Trust and Burston Finance—or been absorbed into larger groups or reconstructed in greatly diminished form.

However, some companies have now made quite considerable progress towards recovery, despite losses, while still retaining the same independent existence as before the onset of the storm. The largest is United Dominions Trust, the big finance house—headed for the last three years by a former senior clearing banker, Mr. Len Mather—which still has rather more than £300m. of lifeboat loans, much less than the previous total of some £460m. UDT, which has also had substantial backing from its two biggest shareholders, Prudential Assurance and Eagle Star Insurance, made a tiny net profit after extraordinary items of £0.7m.—the first for three years—in 1976-77 and has had some success in attracting market deposits.

Keyser Ullmann Holdings — where the prominent clearing banker, Mr. Derek Wilde, has for the past 2½ years been contending as chairman with the problems caused by previous heavy losses,—last year had its remaining lifeboat support replaced by a loan from a group of large banks and the Bank of England. KU managed a net profit of £1.3m. in the second half of 1966-77, though it incurred a £5m. loss for the full year.

Halved

With its outstanding loans almost halved to around £650m. compared with three years ago, the joint Bank of England-big banks' lifeboat is also carrying many fewer passengers—probably just under ten now—compared with the 30 or so in 1974. Apart from UDT, much the largest borrower is First National Finance Corporation, with about £240m. on loan. FNFC, particularly hard hit, has written off a very large amount of lending and continues to make losses, while the bankers now running it make no bones about regarding the future with uncertainty.

Other remaining lifeboat borrowers include the much-reconstructed JH Vavasseur Group, which now has plans for a merger with its Mills and Allen International subsidiary. Late last year Wallace Brothers, which faced serious losses on its property book, was taken over by the big Standard Chartered Bank in a move to forestall dangers of a loss of confidence in Wallace.

Ironically, one of the first casualties of the secondary banking storm, Moorgate Mercantile, whose difficulties in December 1973 preceded the launch of the lifeboat and which therefore did not benefit from it, has lately returned to quoted status on the stock market. This was after a long period of receivership, rounded off in March 1977 when Mr. Rupert Nicholson, a leading accountant, concluded his receivership following agreements with the company's creditors and the injection of funds by the U.S.-controlled First Fortune Holdings.

But the most dramatic development of 1977 in the long saga of the secondary banks has undoubtedly been the Bank of England's further involvement in the case of Slater Walker, where it had earlier made loans of £70m., and guarantees of £40m., available. The Bank has now fully taken over Slater Walker Ltd., the group's authorised bank, along with certain property, and has committed approaching £30m. for the purpose.

It is a striking fact indeed that the remnants of one of the most controversial of the past two decades' financial operations has ended up in the lap of the central bank, the Old Lady of Threadneedle Street herself. Clearly the move has been made by the rescue authorities, headed by Sir Jasper Hollom, the Bank of England's Deputy Governor and skipper of the lifeboat, to prevent the stir which the newly looming collapse of Slater Walker again threatened this summer.

The scale of the Bank of England's bill for this and the other parts of its campaign to control the banking crisis is not yet fully known. Its accounts for the year to February 1977 show that £16.2m. was set aside for possible losses on support operations, by itself or with the other banks. But the true cost in 1976-77 was probably higher, since this figure was struck after taking credit for an unspecified reduction in earlier provisions against gilts and other securities. In 1975-76 £14.3m. had been provided against the cost to the Bank of lifeboat operations, while £9.8m. was set aside in the previous year. Further provision will certainly be needed in the current year for the Slater Walker and Bates cases.

The Bank of England has also put up millions of pounds to make good, with some help from a previous shareholder, First Arabian Corporation, the large deficiency in the authorised bank, Edward Bates and Sons, which is being revived under Arab control as Allied Arab Bank, with Barclays Bank participating as a minority holder. Bates, whose previously quoted parent company, Edward Bates and Sons (Holdings), is being wound up, incurred heavy losses through lending in the property and shipping markets.

The Crown Agents, the public body which conducts purchasing and investment for many overseas governments, and which is now fully backed by the British Government, has already received an £85m. grant from British public funds to fend off a crisis threatened by its ill-fated involvement in secondary banking and property. During the past three years under its present chairman, Mr. John Cuckney, much progress has been made in unravelling the unhappy earlier venture in this field and in disengaging from many ventures there.

However, losses on the Agents' now separate realisation account for these activities have mounted somewhat further, to a cumulative total of £212m., before allowing for the £85m. Government grant. Further injection of public funds will almost certainly be needed to set the Crown Agents up as a public corporation to carry forward its traditional, and profitable, business.

It is clear from the foregoing that the bitter harvest of the whole secondary banking crisis has not yet been fully reaped.

Margaret Reid

BANK SHARES

No great demand

...erkiness on some ... the part of clear- ...s has gone hardly ...owards restoring ...y have lost over ... years. Through- ...77 the banks sec- ...ontinued to show ...akness which has ...e 1973.

...re-rating of the ...s' shares which ...ing the early ...g full disclosure ...s been largely ...ntrast to the way ...al sector indices ...shing past their ... peaks during the banks sector ...y to around two- ...s record high ...d the time of the ... interim results

...s of merchant ...o been poor per- ...the years. This ...e, the sector in- ...d almost in line ...ket average... But ...at only around 30 ...he all-time peak, ...aking the whole ...ompilation of the ...ndices since 1972 ...banks sector takes ... spoon for per- ... of 35 or so sub-

... the profits trend ...ket may seem to ...n unduly severe ...aring bank shares. ... the Big Four sur- ...arket with some ... figures for 1976, ...t interim results ...ll above expecta- ...as analysts had ...cerned about the ...ing interest rates ... loan demand on ... the Big Four ...ncrease their first ... figures compared ...d half of 1976.

...he mid-year stage ...s have taken ...lownwards, and it ... possible for the ...rotect themselves ...inst this trend by ... widening their

...ed to cost a clear- ...thing like 7 or 8 ...ovide the services ... to retain current ...y, now about a ...r total deposits. ...tes are above this ... level — and they ...igh as 14 per cent. ...ast year — the ... big profits. But at ...st rate levels the ... current accounts ...d into question.

...s have resorted to ...xpendients. They ...ate paid on seven- ... deposits—perhaps ... of their domestic ...ources — and ...ain of this money ... more competitive ...eties. And they ...ir base rates, and ...r lending rates, ...ation to money ...els, and have ...e erosion of their ... in advances—to, ... the U.K. branches ... banks.

... can work if U.K. ...s pick up again ... the demand for ... strongly. But in ...ates have recently ..., leading to last ... cent. fall in base ...hile lending is reviving slightly, any major advance seems to be ruled out so long as the Government is operating relatively strict money supply guidelines, although at least the banking "corset" has been removed.

Against this background, analysts are predicting a significant reduction in second-half profits from domestic clearing banking, while the outlook for international banking is also less buoyant than recently. On the other hand, the bad debt problems which originated in the 1973-74 crisis are having a lessening impact on results, and some subsidiaries (notably in instalment credit) actually benefit from lower interest rates.

The bearish argument is that the clearing banks have still not faced up to their fundamental problem of an excessively high cost structure at a time when so-called endowment profits are fading after a period of some years of unusually high interest rates.

Moreover, the banks are still wrestling with the concepts of inflation accounting which indicate that their published profits have been much too high, and that current tax laws (which do not offer banks the concessions enjoyed by manufacturing companies) make it impossible to maintain an adequate capital base without resort to rights issues. The banks strongly objected to the original Morpeth inflation accounting proposals, but the latest revised proposals may allow financial companies to provide for the impact of inflation before striking operating profits.

The bullish argument is that clearing bank share prices have by now adjusted to the more hostile environment — they yield about 0.5 per cent. more than industrial shares, for instance. But even on this view the stock market may wish to see the clearers institute economies and raise their current account charges.

Difficult

For the moment this step is made more difficult by the current Price Commission probe into bank charges. But some clearing bankers do not rule out the possibility that once the full facts are made known—arguably, current accounts are being cross-subsidised by borrowers and by seven-day depositers at present — their hand may be strengthened.

Turning to the merchant banks, the booming stock market is the most obviously favourable influence on their U.K. operations. Besides bringing direct investment profits, and a boost for the returns from their investment management operations, higher share prices may in due course encourage a revival in new flotations and takeover activity, though on the other hand rights issues have been tailing away now that companies have in most cases strengthened their balance sheets.

Moreover, merchant banks with large money market operations will have done well out of the extended period of declining money rates. So the outlook for merchant bank share prices is reasonable. At the same time, though, lending is far from buoyant, and the stronger pound and weak commodity markets will have made some international activities less attractive.

Barry Riley

BRANCHES

Operations come under closer scrutiny

THE EXPERIMENT being carried out in the latter part of this year by Midland Bank in its branch networks in three areas in the country will be watched closely by the other big banks. It is an attempt to put to the test one solution which has been proposed in recent years to the fundamental problems which the banks face in making the best use of their branches. It involves the double concept of relieving the high street branch of some of the burdensome paperwork required by basic money transmission services and of distinguishing between the day-to-day requirements of the ordinary personal current account customer and the generally more sophisticated needs of the big corporate customer. Bankers are by no means universally convinced that the answer will lie in this direction; but they recognise that the problem remains to be solved over the next few years.

Agreement that the problem exists is only the first step in seeking a solution. The issues raised are extremely complex, involving a detailed interrelationship between the present structure of the bank branches and their traditional activities, the basis of the banks' deposit funds and their future development, the service they provide to different types of customer and the function of the branch manager, the basis on which charges are levied on customers for services provided and their relationship with interest charges. Some of the points will be highlighted, for example, by the examination of bank charges being undertaken by the Price Commission which, though intended to be confined to the charges imposed for specific services, has recognised that it is impossible to ignore completely the corresponding element of interest income which the banks earn on their deposits.

This aspect of the debate has been underlined by the difficulties which the banks have recently faced in coping with the sharp downward trend of interest rates. In a period when the general level of short-term interest rates has been falling rapidly, and when demand for bank loans has remained relatively sluggish, the U.K. clearing banks have had every apparent incentive to bring down their own lending rates. This they have done, with their base rates halving during the course of this year from 14 to 7 per cent. Nevertheless, they have shown clear reluctance in the latter stages in following the market.

The direct reason for this has lain in the competition they have faced for deposits from other outlets, specifically the building societies and National Savings. The rates offered by the building societies, at 6.7 per cent. net—equivalent to over 10 per cent. gross to basic rate taxpayers—have been well above the return offered by the banks on their ordinary 7-day branch deposits which, after the latest cut in bank rates, is now down to 3 per cent.

Dilemma

The banks have faced a dilemma. They have seen a steady drift of funds away from their branches as a result; but they have been unwilling to offer higher rates to keep the money because of the effect this would have on their own profit margins. Yet the gap between the seven-day deposit rate and the banks' base lending rate is historically high, at the present 4 per cent., even though it has come down from the 4½ per cent. reached when the general level of rates was higher earlier in the year. In the old days, up to 1972, the traditional and established spread was 2 per cent., and it has been lower in times, when, unlike the recent experience, the banks were able to foresee a rapidly rising demand for their lending to provide them with a growing income.

The pressure on the banks, though perhaps particularly acute in present circumstances, reflects a number of factors which are of more than short-term significance. The problems, and the complex relationships involved, were highlighted earlier this year in one of Barclays Bank's quarterly briefings when Mr. Douglas Horner, senior general manager, reached the conclusion that a return to a narrow margin between base and deposit rates would not be possible unless bank charges were raised to cover a much greater proportion of costs.

The reasons included in particular the changing structure of bank deposits. The current account funds, which have normally been the cheapest source, have risen less rapidly than total deposits; at the beginning of this decade, Mr. Horner said, over a half of the clearing banks' sterling deposits had been in this form, but the proportion had fallen to only about 40 per cent. Moreover, the impact of inflation had greatly increased the handling costs of these retail funds, so that the interest-free current account was no longer as profitable for the banks — it is generally reckoned now that the true cost of current account funds to the banks may be around 7 per cent.

The smaller branch deposit funds, also, have become relatively less important even before the recent competition developed. These deposits have been relatively stable in the past, and the banks are worried about any sign of a significant proportion of them being permanently lost. But in any case a larger proportion of bank deposits has been attracted at rates which are much more directly related to the level of money costs in the open money markets.

They include a substantial amount of what the banks call branch bid deposits—large funds which come in through the branches, but on which (normally for amounts of £10,000 upwards) the banks pay market-related rates to their return-conscious customers. Finally, the banks have relied to a substantial extent in recent years on money bought in the open market for very large deposits. This is a source of funds which provides a valuable flexibility at the margin, capable of being run down relatively when as at present it is not needed on any substantial scale to support lending, but which has a competitive cost directly related to the general level of money rates in the market.

The changes in the balance of deposit funds are one aspect of the major developments which have taken place in the big banks and are related to the issues affecting the branch networks. These basically grew up in the period up to the early 1960s, when banking was essentially a simpler business involving taking in deposits almost exclusively from customers and mainly on current or seven-day deposit accounts, and lending them out again on overdraft. It is generally agreed among bankers that the high streets of the country are now fully banked if not over-banked; with exceptions for new developments there is little scope for opening new branches, and in some cases, such as National Westminster, where the banks have been through major mergers, substantial branch rationalisation has taken place.

Pressure

The banks are under pressure to improve the profitability of their branch networks because of the increasing costs involved in running them, and their attitudes have changed quite dramatically in the period since they started to disclose their true profits. The area which perhaps raises the greatest concern is the basic money transmission services provided by the banks. These services, the carrying of cash, the payment of cheques and the transfer of funds, are the basis of the banking system and the main factor which enables the banks to attract current account resources. The cost of running them, however, has increased greatly, and although the adoption of computer technology has enabled the banks to cope with the rapid growth in the volume of such business they are constantly looking for ways of reducing the burden.

For most of the bank's personal customers, moreover, it is these services which are most often required. Persona mers use their banks ma cashing a cheque or pa only rarely calling on th sophisticated services and infrequently needin the manager. It can be therefore, that these requirements should be of being met witho organisation of a full bank branch. One app the development of machines and computeri vices, though some ban hesitant about the da removing the persona between customer and staff. Another possibili provide only a limited se some smaller branches, more specialised f available, for example, a main office.

Specialisation of one another is also a approach to dealing other growing problem the enormous extensio has taken place in the s sophistication of the offered by the banks, w brought in, for example, range of medium-term leasing, instalment cre other forms of lending tion to the tradition draft and a growing ment of specialised services. It is argual this development has placed too much of a bu the normal branch expected to be the main ing outlet and source ance for his customers certainly required the ment of an increasing of specialists within th to provide detailed ad customers and support managers. Barclays, ample, is trying in L experiment of devel branch which is inte concentrate primarily needs of the corpo tomers, making avail various experts who needed. The Midlan ment probably goes fur other big banks are to step at present; appears to work it wi much food for thoug banking parlours.

Michael B

CREDIT CARDS

Still growing fast

CREDIT CARDS are still a growth market in the U.K. Barclaycard, the pioneer in this country, which started business in 1966, currently has around 3.7m. cardholders and its ranks are swelling at the approximate rate of 40,000 each month. On the outlets side, there are currently about 100,000 merchants accepting the Barclaycard, and new recruits are being added at the rate of 1,500 a month.

The rival Access card, which is backed by the other major clearing banks, has roughly the same look. Although it made a late start there are over 3m. cardholders and 103,000 merchants. Growth to some extent has been retarded by a process of weeding out all the bad customers.

For both Barclaycard and Access, the credit card business has not always been profitable. Barclaycard, for example, set itself a target period of five years to become profitable — a task which it achieved. But the big blow was when the Conservative administration trebled the minimum monthly payment in December, 1973. So instead of having to find 5 per cent. of the outstanding balance, the cardholder had to part with 15 per cent., by law. The result was that the average outstanding period of credit—i.e. the period in which Access was earning its real money — reduced from 7-8 months to 3-4 months.

A second effect was that the people carrying the cards became shrewder about their use. After a while, it did not escape people's attention that if they bought an item, or withdrew cash, at the beginning of a month then it did not appear on the statement until the end of the month, from which date the holder was given 25 days to pay. Used in this way, it is possible to obtain up to 56 days of free credit.

The other trend was that, following the huge increases in oil prices imposed by the Arab producing countries and the subsequent rise in the price of petrol, holders began to use their cards more frequently on the garage forecourt. It was certainly one way to fill up the tank, but what it meant for Barclaycard and Access was an increase in the actual number of items and the flow of paper. Obviously it is far better to have one piece of paper for £100 passing through the system than 20 pieces of paper at £5 a time.

The end result of all this was that Barclaycard slipped back into losses in 1974 and 1975. This trend was reversed when both Access and Barclaycard increased the monthly interest rate from 1½ per cent. to 2 per cent. on the outstanding balance. In the case of Barclaycard, there was a considerable benefit in processing costs arising out of the installation of a new computer.

In line with the general decline in interest rates in the U.K., Access has taken the bold step of actually dropping its monthly rate from 2 per cent. to 1¾ per cent. So far, Barclaycard has not followed suit and the official line is that it has no particular intention of doing so. However, in this competitive market it seems inconceivable that the two rates would remain out of tandem.

Multinational

Much of the future of these two cards is based both on making them more multi-purpose and also multinational. On the latter front, Barclaycard is part of a set-up called Visa International (formerly IBANCO). Under this arrangement the Barclaycard holder becomes part of an international number of 47m. holders throughout 117 countries and with around 2m. outlets at their disposal internationally.

Similarly, Access is part of Interbank, linking up with Mastercharge, which mainly caters for the United States, and Eurocard. Each type of card is equally acceptable in each other's outlets for goods.

Both parties are working on ways in which their cards could become more multi-purpose. Barclaycard reckons it has the edge now in that its version also doubles for a bank cheque card and so saves those with a Barclays current account carrying two cards around.

But there are much more ambitious plans afoot. Technically it should be possible to run a considerable number of magnetic strips through a piece of plastic, all telling the computer terminal to perform a different task. It is hoped that terminals will be installed in shopping centres, at hotels, airports, railway stations—and not just in the walls of a bank—and that through the marvels of technology instruct a computer to draw cash; to transfer money between card account and current account; to transfer between current account and deposit account; or even ask for a new cheque book. The list of permutations is almost endless, once the system has been set up.

The one event that has cast something of a shadow over the market was the decisi Gordon Borrie, the General of Fair Tradi for a Monopolies Co report on credit car Commission has been period of 18 months to its investigations, wh card companies thems they welcome.

The emphasis in the specifically on exami relationship between companies and their customers in the ret and to clear up once a the suggestion that t operate against the interest through for prices.

Keith

It takes teamwork to borrow. It takes teamwork to lend.

When a businessman wants to use a bank's money, he starts with a proposition in mind: an export order to finance, a new production line to equip, a fleet of trucks to make delivery swifter and safer.

It takes your management team to put that proposition together.

It takes our management team to answer it.

Put your proposition to your local Midland Bank manager. He and his team will help you find the right answers–even if they're not the ones you were originally thinking of.

Export credit finance backed by E.C.G.D. may be available at finer rates. Leasing may have considerable advantages over outright purchase. Or perhaps instalment finance could best solve your problem.

Your local Midland manager can help you answer all these business questions, and more. He gains additional strength from Midland Bank Group, a powerful team of companies specialising in businesslike solutions for industry.

And they're all as accessible to your business team as a call to your local Midland Bank.

It's time your business team met the Midland's

Midland Bank

Midland Bank Limited

CONSUMER CREDIT

U.K. BANKING V

New rules begin to bite

FURTHER IMPORTANT steps have been taken this year in the long and complex process of putting into effect the regulations of the Consumer Credit Act. The time taken up over the implementation of the detailed rules under the Act since it was passed in 1974 and the extensive consultation and discussions between the authorities and the various sections of the credit industry have been clear indications of the difficulties inherent in such a wide-ranging piece of legislation.

In spite of the general acceptance of the purposes of the Act, to improve the protection for consumer borrowers, the banks and finance houses — among the lending institutions most directly affected — have continued to have some reservations about the ways in which it may affect their activities. Some specific issues have raised points of difference with the authorities, such as the application of the new rules to the credit card organisations.

Nevertheless, the moves made this year have brought the regulations a significant stage further. Above all, for the first time *measures have been taken which* are having a direct impact on the public, rather than affecting the commercial interests involved, bringing in new forms of protection and new opportunities for the borrower himself to *look after his own interests.*

Significant

Perhaps the most significant at least in relation to the degree of controversy aroused in the past, are the provisions covering credit reference agencies. These were announced in March by Mr. John Fraser, the Minister of State for Prices and Consumer Protection, as part of a series of measures which he described as marking "the largest step yet taken in implementing the Consumer Credit Act." The credit reference agencies, collecting information about individuals *from a variety of sources to provide* a service to lenders, argue that they can help to keep costs down; but there can be no doubt that their activities have raised widespread unease.

The regulations, which came into effect on May 16, provide in essence that consumer borrowers covered by the Act are able to find out what credit reference agencies have on their books as information about them, and to insist that anything which appears incorrect should be put right. Borrowers are able to write to the lender or hire purchase company asking for the name and address of any agency which has been used, and to see copies of the files relating to their own record.

At the same time, another important section of the Act was put into force, covering the so-called "extortionate credit bargains." These rules are designed to protect the borrower from being put upon by being charged excessive rates or in other ways. And they give the courts power to re-open any credit bargain which requires grossly exorbitant payments or in other ways grossly contravenes ordinary principles of fair dealing.

Another potentially powerful instrument was provided when the regulations covering the joint liability of suppliers and creditors were put into effect. This provision concerns agreements regulated by the Act where the lender has an arrangement with the supplier of goods to provide credit to the customer. In a normal hire purchase transaction, it is the finance house itself which owns the goods and makes a contract with the customer; and if the goods prove defective, the customers' claim would be against the finance house.

This protection does not apply, though, where the finance house lends money to the consumer rather than entering a hire purchase agreement. The new protection will help people who may be caught on loan agreements when, for example, a central heating installation or a freezer fails to work and it proves impossible to claim against the supplier *because he has moved or gone* out of business. If the purchase was financed by a loan under a previous arrangement between the supplier and the lender, then the creditor can become jointly and severally liable with the supplier.

The rule *does not apply* where the cash price is not above £30 or is more than £10,000. But it gives the consumer an important new method of redress in this kind of situation. And it has been the occasion of a dispute concerning the credit card companies over whether the provision should apply not only to cards issued to new holders after the effective date but also to cards issued as renewals to existing holders.

Details

Others among the series of rules introduced put into effect specific details of the Act. They include, for example, rules which makes it illegal to send documents to minors inviting them to borrow money or buy goods on credit or hire; and the regulation which prevents the sending of unsolicited credit tokens such as credit cards. They also include the rules which from October 1 will prevent canvassing of cash loans in the home or door-to-door except in special circumstances.

A considerable *body of rules* has therefore already been established. Progress is also being made in the fundamental sections of the Act; the licensing process which provides the Director General of Fair Trading with his instrument of control over the credit industry; and the measures necessary for the eventual implementation of the central "truth - in - lending" aspects of the Act.

The licensing process has been delayed because of the volume of work involved and the slow early response of those concerned. But the second stage of the issue of licences is now well under way, covering the major lenders including banks and finance houses, shopkeepers and anybody else who lends in the course of business. By October 1 all of these will have to have a licence or at least a valid application lodged *with the Office of Fair Trading.*

So far, the OFT reports, it has received some 44,000 applications for licences under the first two stages. A total of 26,600 have been granted, 800 have been withdrawn a[...] rest are still being con[...]

An essential step to ena[...] licensing to go ahead w[...] taken with the publicat[...] the definitions of which of credit agreement are [...] by the Act and wh[...] exempted. Five general of exemption are made[...] ing normal trade credi[...] cost credit (at an annu[...] not higher than 13 per c[...] minimum lending rate[...] per cent.), the finan[...] foreign trade, land trans[...] repayable in four insta[...] or less, and certain ty[...] mortgage lending includi[...] building societies and authorities.

The major step in [...] further progress towar[...] truth-in-lending provisio[...] been made with the in[...] tion of regulations spe[...] the total charge for [...] These lay down what sh[...] included in working o[...] total charge, and are of interest at present to [...] ders and commercial or[...] tions involved rather [...] the consumer himself. [...] total charge is at the h[...] the Act. It provides th[...] for ensuring that bo[...] cannot be misled when t[...] quoted a cost, giving a st[...] measure including, as [...] interest rates, most [...] charges which affect the the borrowing.

An accurate measure actual cost of credit is [...] tial to promote the e[...] aim of ensuring that bo[...] are given a true overall advertisements, quotatio[...] written agreements and fore the opportunity to fair comparisons b[...] various sources of bor[...] It will be necessary for t[...] rate to be quoted by when the further im[...] step is taken of bringing regulations covering a[...] ing and quotations. It is that these, together wit[...] on rebates for early rep[...] of loans, could be brou[...] during the early part [...] year, with the final step, ing the detailed docume[...] provisions of the Act, [...] not coming until the yea[...]

FOREIGN BANKS

Most roads lead to London

ON JULY 4 Amsterdam Rotterdam Bank, one of Holland's largest banks, opened its first London branch. A couple of days later Dr. Ludwig Huber, president of Bayerische Landesbank Girozentrale, officially opened his bank's London representative office.

The two events are significant because until then both of these banks, which rank amongst the biggest in the world, had been conspicuous by their absence. Their arrival has coincided with a sharp upsurge in the numbers of foreign banks moving into the City. According to The Banker, which keeps a regular tab on these things, around 30 overseas banks have hung up their nameplates in the city since the end of last year. At the time of its last annual review of foreign banks in November 1976, The Banker estimated that there were 255 foreign banks directly represented in the City. Since then the number has grown rapidly. The Swiss Volksbank, Bank of Seoul and Trust Co., Riggs National Bank of Washington, are just a few of the banks setting up representative offices recently, whilst the National Bank of Abu Dhabi, Banco Real and Allied Bank of Pakistan are representative of the banks establishing new branches.

It is hard to pinpoint any special reason for the latest influx. A couple of years ago the number of foreign banks in the City actually fell as institutions cut back their international operations following the oil crisis and the Herstatt collapse, both of which led to great uncertainty in the foreign exchange markets. For a time the international banking community seemed to lose its confidence and all the talk was of "retrenchment." Some banks even closed up shop in London and returned home.

However, as the world economy climbed out of its recession in 1976 confidence has clearly returned. The volume of world trade after falling by 4½ per cent. in 1975, rose by 11½ per cent. last year and although the growth rate is likely to slip to 6 per cent. this year the latest round of reflationary packages in Germany and Japan should ensure that the world economy does not sink back into recession.

London, which boasts the biggest foreign exchange markets in the world and probably the largest offshore money and capital markets, makes an ideal international base for a foreign bank. True, the rising burden of U.K. taxation and the increasing amount of official regulation (partly in response to EEC initiatives) have eroded some of the City's international advantages and one or two banks have opted for Paris or Luxembourg. But on balance the vast majority of international banks recognise that London is the one financial centre where they can ill-afford to be unrepresented.

Centre

Despite the growth of business in satellite European centres, London still lies at the heart of the Eurocurrency markets, and here business is booming. According to Morgan Guaranty, medium-term Eurocurrency bank credits in the first seven months of this year totalled $19bn.—some 13 per cent. up on last year's record levels. In the Eurobond market the story is much the same. New issues in the January-July period amounted to $11.1bn.—a third higher than last year—and activity picked up considerably between the first and second quarters.

Against this sort of background it is not too difficult to explain the recent influx of foreign banks. But the size of their current involvement in the City is rarely appreciated. Of the U.K. banking system's total assets (including foreign currency) of £184bn., the foreign banks account for £100bn. Within this total the U.S. banks alone control £50bn. —considerably more than the London clearing banks (£37bn.).

The foreign banks' business is by no means all offshore. Of the total advances to U.K. residents (sterling and currency) of £36bn., foreign banks account for just over £10bn.; for the sake of comparison the London clearing banks account for £14.9bn., the Scottish clearing banks for £2bn., and the accepting houses for £1.5bn. Foreign banks play a major role in financing British industry. Out of the £8.7bn. of advances to U.K. manufacturing industry, they account for £2.6bn. and the clearing banks for £3.9bn. In certain sectors, such as the chemical industry, foreign banks lend more than all the U.K. banks put together.

The bulk of foreign banks' business tends to be in foreign currency but their involvement in the sterling market is far from insignificant. Out of total sterling advances of £26.5bn., foreign banks account for £3.6bn. and the clearing banks for £15.4bn. This underlines the continued dominance of the clearing banks in the domestic market but it is noteworthy that foreign banks lend more than twice as much sterling as the Scottish clearing banks and 3½ times as much as the accepting houses. Even on the latter's home ground — acceptance credit business — the foreign banks loom large. The accepting houses' total acceptances amount to £1.2bn. while those of the foreign banks total just under £1bn. Together, the foreign banks and the accepting houses control 80 per cent. of the acceptance credit business. In contrast, clearing bank acceptances amount to less than £0.2bn.

During the past year the foreign banks have been increasing their share of sterling business quite significantly. Over the last 12 months, for example, the London branches of U.S. banks have increased their sterling advances twice as fast as the clearing banks. Unl[...] clearers, foreign banks rely on sizeable amounts [...] rent account money to f[...] the expansion of their s[...] loan portfolios so they been actively issuing cert[...] of deposit. Foreign [...] account for just under [...] all CDs outstanding and 12 months to July increased the value of the standing CDs by nearly [...]

One of the main reason[...] the foreign banks have able to pick up new busin[...] been because the clearer been reluctant to cut the[...] rates in line with the shar[...] in U.K. rates. When i[...] rates were up around the cent. mark last autumn clearing banks had an advantage through their to cheap current account which makes up roughly cent. of their sterling base. The banks pay no i[...] on this money though the of providing current a[...] services means that it effe[...] costs them about 7½ per By contrast a foreign which had to raise the b[...] its funds on the interban[...] ket and pay 13 per cent. be at a distinct disadva[...] However, interbank rate now around 6 per cent and after the latest cut in base to 7 per cent. a foreign can still raise cheap mon[...] the interbank market and pete very effectively.

Another area where fo[...] banks are looking for gro[...] in ECGD guaranteed currency buyer credits. last year U.K. buyer credi[...] been denominated in s[...] and generally confined to banks. The margins were fantastic but it was good business. However, the G[...] ment has now decreed tha[...] bulk of new buyer credit ness should be done in d[...] and Deutschemarks. To tate this switch foreign b[...] are now encouraged to pa[...] pate in arranging and fu[...] new deals.

William [...]

DISCOUNT MARKET

Wary of future predictions

..RLING at $1.55 in ..e dollar only just ..r ago, and interest ..eak of 15 per cent. ..ve taken a brave or ..orecaster to predict .. state of affairs in ..money market. The ..te differential be- ..lon and New York .. disappeared and .. prospect of forward ..ving to a premium .. dollar.

..ld saying that what ..st come down, but it .. true than it ever .. grand tour of the ..em by the U.S. ..ssion disproves the ..letely, but as far as ..nbound forces are .. the old saying still ..ng amount of wisdom ..cularly with regard ..lon money market.

..ket has had to put ..more than a little .. in interest rates ..st few years, mainly ..of Britain's economic .. A sudden rise in ..out as unwelcome to .. market as torrential ..e summer camper, .. anyone intending to ..oliday under canvas .. certain precautions, ..ount houses can pro- ..elves from the worst .. the economy.

.. the situation about .. and although market .. were rather uncom- ..st October no dis- ..e found them totally

..ount market may be .. older institutions in ..t that does not mean ..mpervious to change. ..e events of recent .. probably made the ..ouses far more adapt- .. would have seemed .. few years ago.

..ious defence against ..rest rates is to run a ..rly short-dated invest- ..d to be wary of hold- ..uch gilt-edged stock, ..arries the risk of not ..he maximum profit .. situation is favour-

..ing alert to the chang- ..on in 1976 the houses ..to survive the year in a fairly healthy condition. They tended to be traders in gilts rather than large investors, but the improvement in conditions this year led to renewed investment in Government securities.

Discount houses hope to make profits by a favourable margin between the cost of their borrowed funds and their investments—otherwise known as a running profit. They also make capital profits on their investments, and the scope for making these has probably never been better, as MLR has fallen by over 7 points since the beginning of the year.

Making a running profit has not been too easy, however, largely because of the heavy downward pressure on interest rates, which has not always met with the approval of the authorities.

Heavy demand for Treasury bills from outside the discount market created just such a situation in February, and this threatened to push down MLR against the wishes of the Bank of England. The discount houses have little option but to toe the official line, but there is no similar constraint on bids from outside the market. The greater the demand for bills, the larger the downward pressure on MLR, and this can give rise to a situation where the houses are penalised for a situation beyond their control.

Limitations

Because of the limitations placed on the houses, situations arise where they are unable to obtain Treasury bills at the Friday tender, and are, therefore forced to bid for bills in the market, depressing interest rates still further at a time when the cost of borrowed money is geared to the much higher level of MLR.

The houses must maintain their holdings of Treasury bills in order to fulfil the terms under which the Bank of England grants the lender of last resort facility.

In February and March the market-related formula for calculating MLR was suspended, resulting in an unfavourable relationship between the average cost of money and the return on investments. A similar situation developed at the beginning of September as the authorities intervened again to stem a fall in interest rates they considered excessive.

The Bank of England did not resort to suspending the formula in September, but the cost of day-to-day funds was kept relatively high by the authorities during this period. No discount house welcomes a situation where it cannot make a running profit, but the reason there have been no cries of anguish this year is because capital profits have been so good on investments picked up at the higher rates of interest ruling earlier in the year.

Rather in the same way that selling the furniture in order to eat is no long-term answer to malnutrition, so capital profits of this order do not provide a secure base for the houses. These large profits will disappear after a few months of low interest rates, since the houses do not usually hold long-term paper such as long-dated Government stock.

Not all houses have made running losses, however, and even those which have found the situation not to their liking on occasions have been amply compensated in what should prove to be a very good year overall.

One of the biggest houses reports that it has made a running profit at all times during the first nine months of the year, and was still reasonably well placed during the difficult period at the beginning of September, when the authorities maintained very tight conditions in the market as part of the strategy to hold up interest rates.

The differential between London and New York interest rates had all but disappeared for some periods in early September, and although some observers felt that the nadir in rates must be near, others were still prepared to contemplate a further fall.

When the low point is reached it should be possible for all the houses to enter a period of steady running profits, even though the opportunity for really big profits will have gone.

Investments in gilts offer the prospect of holding relatively high yielding assets, but as the houses found in 1973 this is not without its hazards if interest rates rise very quickly.

Some houses may be wary of becoming too deeply involved in the gilt-edged market, but there is little doubt that several have substantial holdings and are no longer content to be simply traders in Government stock. There appears to be considerable divergence of opinion on this matter, with several houses taking the view that conditions are rather safer at the moment than four years ago.

Different

In much the same way the various houses take different views on the future development of their market. The bigger and perhaps more aggressive houses are looking further afield for their business and can see continued room for expansion outside their traditional trading with clients within the banking system. This is all part of the growing adaptability which some sections of the market would like to foster.

As to the future, conditions still look as uncertain as ever, even though sterling is very firm, perhaps too firm for the good of British industry. Money has poured into London recently, and a large part of these foreign funds has been attracted into the gilt-edged market, a movement which at least has the virtue of not pushing up the money supply.

Other inflationary dangers remain, however, including the future level of wage increases. Against this must be set the benefits of North Sea oil, giving rise to arguments among economists about whether sterling should be allowed to rise or fall. At the same time, the money market is debating how low interest rates can fall and at what point they may have to rise. The authorities look on apprehensively as conditions in the money market help to fuel a general euphoria. Would anyone care to predict the next 12 months?

Colin Millham

CONSORTIA

Changing definitions

..NCEPTION of consor- ..king has changed con- .. in recent years, and ..e has probably been ..when the expression is ..g for the very simple ..hat it covers institu- ..ch have very little in .. other than having ..n one shareholder.

.. now boasts more ..anks in this category. ..size and category of ..ing vary widely. One ..y include among its ..lers leading European, .. and North American ..ns, another may be ..y banks in the U.S. ..tivities are essentially .. another may have a ..iddle East flavour.

..tionale behind the set- ..of a consortium bank ..nsiderably. Regional ..ation is what some ..re about and Libra, ..ng in Latin America, is as good an example as any. However high such a bank's reputation stands, and in this case it is very high, it cannot compare with such giants in the business such as Orion and European Banking Company.

Conversely a group of banks from a particular area—regional U.S. banks for instance—might want to get into the Euromarkets.

Consortium banks can also provide a convenient vehicle for domestic commercial banks to get a share of the Eurocurrency business. Another good argument for setting up a consortium bank is to exploit a new area of technology: the Banque Internationale pour le Financement de l'Energie Nucléaire and the International Energy Bank are cases in point.

The argument in favour of diversifying risk is another essential elemtn in favour of setting up a consortium bank: Orion and European Banking Company must rank as outstanding achievements in this respect. Both banks have strong backers: Orion's shareholders include Chase Manhattan Corporation, Mitsubishi Bank, Royal Bank of Canada, Credito Italiano, National Westminster and Westdeutsche Landesbank Girozentrale.

European Banking Company's shareholders include Amro, Banca Commerciale Italiana, Creditanstalt Bankverein, Deutsche Bank, Midland Bank, Société Générale and Société Générale de Banque.

The number and nature of the shareholders does help to explain the success of these banks but does not provide the key to the reason for setting up such animals in the first place: consortium banks provided a vehicle which has allowed commercial and clearing banks to widen the scope of their activities into the field of private placement and new issue management and earn more on such operations than they could in their domestic activities. Such diversification was all the more welcome at a time when domestic loan demand was extremely weak. However, some banks, notably U.S. ones, have successfully operated in both these areas without resorting to the new formula.

Spectacular

The growth of the two major consortium banks has been spectacular, as figures for Orion show. Between January and June of this year, Orion managed or co-managed public issues and private placements of $1.1bn. and syndicated loans of $1.3bn. Comparative figures for January to June, 1976 were $717m. and $975m.

Orion's assets were £998m. at the end of last year, while European Banking Company's as of June 30, 1977, were £307m., to which should be added the £1.17bn. assets of its sister bank in Brussels, Banque Européenne de Crédit. Such giants are not really comparable to consortium banks which have assets of less than £100m. Another difference often lies in the stake the shareholders have in a particular consortium bank.

Some consortium banks have as many as 18 shareholders, others as few as six. Not all shareholders have the same stake: for instance in the case of Orion, Mitsubishi Bank and Credito Italiano have a 10 per cent. stake, the other four banks a 20 per cent. one.

Each shareholder has an equal stake of 14.3 per cent., in European Banking Company. But size is not all, expertise counts a lot: successful consortium banks are moving into the field of merchant banking, where they will be competing with the old-timers. Orion's achievement is well symbolised by its lead managing the recent Babcock and Wilcox $35m. bond.

Both these banks have also proved, by their performance over the past few years, that it is all very well for consortium banks to be left with deliberately vague business objectives when they are set up, but the quality of management in focusing on areas of development and speciality is essential if the bank is to make headway.

The joking remark, "scratch a consortium bank and you will find a potential merchant bank not far below the surface" must be taken seriously to-day, at least for those banks which have moved into a position which commands attention and respect. That is the achievement of David Montagu at Orion and Stanley Yassukovitch at European Banking Company.

There will always be room for the smaller more specialised banks, of which Libra is the best example. There will always be a need for banks with special Middle East connections and expertise. But what is one to say of the many consortium banks which appear to be, if not dormant, at least moving along slowly? Maybe the answer is a matter of semantics. The expression "consortium bank" has perhaps not outlived its usefulness but a new expression should be found to describe the successful consortium banks more accurately.

Francis Ghiles

Consumer business picks up slowly

NOW THAT the traumas which shook the secondary banking market in 1973-74 have faded, the finance houses are seeing just what can be done to prevent themselves being damaged again if hurricane conditions ever hit the financial sector once more. Early on in the past crisis some perfectly sound finance houses were caught up in the general panic by investors who did not fully understand the way they operate. The finance houses were forced to watch impotently while all the sources of finance they had carefully developed over the years quickly dried up.

One way that such a crisis of confidence might be averted in the future would be for the "independent" finance houses—those which are not owned by one of the clearing banks—to have longer term borrowings in their portfolios.

This topic was touched upon by Sir Gordon Richardson, Governor of the Bank of England, earlier this year when he pointed out that the average length of the finance houses' assets was perhaps 18 months for consumer credit and considerably longer for industrial lending, whereas the average length of their deposits was probably less than six months.

"There is nothing whatever *wrong with financing of instalment credit* in appropriate degree by the taking of three or six-month deposits. On the contrary, the steady reflux of repayments under instalment contracts makes it entirely reasonable to rely, in part, and with appropriate discretion, on such financing.

"Nevertheless, if it were possible, consistent with maintaining profitable trading, to obtain somewhat longer term funds, you would be less exposed to sharp changes in financial conditions," he said when addressing the Finance Houses Association's annual dinner.

This was just what the finance houses wanted to hear (and they had dropped a hint or two that they would like the Governor to bring up the subject in his speech). With the moral support of the Bank behind them—and, hopefully, some practical assistance at a later stage—the FHA has commissioned a leading firm of money brokers to investigate the possibility of introducing a variable-interest-rate, three-to-five year bond. The expectation is that the variable rate will attract cash from the pension funds and other institutions which are constantly looking out for new, but safe, sources to invest their income.

Involved

The finance houses themselves would not generate enough business to develop the market for such bonds but the hope is that the clearing banks would also get involved. Mr. Ronald Barnes, chairman of the FHA, says: "*I hope we will have a realistic solution in sight by the time I leave office next April.*"

While pushing ahead with its attempts to establish a source of medium-term money, the FHA is also continuing its campaign to get changes in the terms controls on cars. It wants the permitted repayment period extended from 24 to 36 months. This would undoubtedly boost business for the finance houses.

To back its case, the FHA has produced statistics which show that in 1973 the average earner required 18.9 per cent. of his disposable income to meet the repayments over three years on the average car in the 1,001-1,400 cc range. In 1976 he would have required 31.2 per cent. to pay *back over two years or 23.3 per* cent. for three years. This situation has been brought about by the rise in car prices exceeding the advance in earnings over the period, with the average cost in the 1,001-1,400 cc range rising by 80.1 per cent. in the period from October 1973 to July 1976.

It is thought that the authorities are not entirely unsympathetic to the finance houses' request. But of overriding importance to them is the need to ensure that any relaxation of controls comes at a time when U.K. car manufacturers can meet any increased demand so as to avoid a potential increase in imports. The FHA recognises the weight of this argument but *feels that there may be dangers* in using Control Orders as, in effect, a disguised form of import control.

It is estimated that in the last six years the finance houses share of the consumer credit market has slipped from about 30 to 20 per cent. Much of this has been due to the clearing banks becoming more aggressive in the field with their personal loan and credit card schemes. But the 24-month limit on car repayments, in force now *for nearly four years*, certainly played its part.

For finance house credit is dealer-orientated. The car salesman sells the credit facility along with the car. Bank credit is customer-orientated. When the customer looks for his own finance he tends to turn first in the direction of the clearers.

It is possible to borrow money over 36 months for purposes other than car purchases; for home improvements and so on. The banks carefully monitor the way the cash they lend is spent, but there is no doubt that some cash borrowed over 36 months is really used to finance car purchases instead of those things the customers tell their banks they are going to buy.

As the Crowther Committee said in its review of consumer credit terms, controls simply distort the market and merely transfer business from one lender to another.

The finance houses feel that if the U.K. car manufacturers were not still in some disarray, this autumn would be an appropriate moment for the controls to be changed. The move would give a lift to car sales in the "dead" winter months and present the Government with another chance to put over the message that the economy is on the mend. Last year the finance houses wrote £1.53m. of new business compared with the previous peak of £1.45bn. reached in 1973.

The outlook this year seems brighter. Mr. Barnes says there has been a "significant increase" in volume in recent weeks—an increase which has still to show up in the Department of Industry statistics. It seems that the small and medium-sized companies which use finance house resources extensively have judged that the time is ripe to purchase equipment on fixed-interest contracts.

Hardship

Some of these companies suffered real hardship when interest rates soared and they had to find the extra interest on money borrowed at variable rates. The finance houses themselves, of course, have about a third of their industrial business in variable-rate contracts. As it is based on averages of other money market interest rates, the Finance Houses Association Base Rate accurately reflects the cost of money and *cannot be manipulated for any* reason at all.

Mr. Barnes maintains that industry turns to the finance houses for money it could, presumably, obtain through other sources—sometimes at lower rates—because of "certainty."

He says: "Finance hous the facility to financ acquisition of plant, ma and vehicles by way of amount, repayable over period and very often at rate."

A recent internal sur the FHA revealed that cent. of members lendi now going to industrial mers. Much of this course, on the leasing their business, particula leasing of vehicle companies.

This is in line with th of England's directio industrial borrowers sho given preference over customers. But the that consumer credit with consumer confidenc from buoyant.

Mr. Barnes for one wo to see the consumer side finance houses b increase again so it accounted for half total A change in the terms on cars would certain the move in that directi

Kenneth Go

Growing competition in a quieter market

THE HALCYON period for Scottish banking when business and margins grew together to push up profits by astonishing rates, seems to be at an end. In the coming year we can expect to see the outlook for the industry north of the border conform very much to the U.K. pattern, with the exception that growth will continue in one sector—competition.

For evidence of how buoyant the Scottish banking scene has been it is necessary to look no further than the annual reports of three Scottish clearers for last year. Bank of Scotland pushed up its pre-tax profit by 53 per cent. to £26m., the Royal Bank by 46 per cent. to £31m. and the Clydesdale by 23 per cent. to £10.8m.

Those figures represent a zenith in domestic and currency business. On the home front, the Scottish banks, suffering less from the collapse of property and secondary banking than their London counterparts, were able to take advantage of an economy buoyed up by oil. Looking abroad they were able to catch up with the start made by their southern colleagues.

Attention

The boom, hardly surprisingly, attracted a lot of attention. In the last two years there has been an extraordinary growth in the number of banks represented in Scotland. The "big four" London clearers have either established branches in Scotland or are about to do so, many of the largest London merchant banks are represented and there are now six American banks and others from Canada, Europe and the Far East. Although it would be unduly pessimistic to say that the newcomers have come too late, it is *likely that they will* have to weather the doldrums before the economic climate picks up again.

The Scottish economy, while still promising in some industries, has come down from the high plateau it reached during 1974-75 when oil development was at its height. The unemployment rate relative to the U.K. as a whole, is increasing again after narrowing at the end of last year, and the growth in industrial production — which, incredibly, outstripped West Germany over the first half of the decade—is also slackening.

Domestic demand, mirrored in the figures for bank advances, has been depressed for some months and the relaxation of the "corset" restrictions on lending has merely served to highlight the problem. The net effect has been to bring the Scottish banks much more into line with London. Whereas both deposits and advances growth was substantially ahead of that in the south in 1974-75, the gap has been closing steadily ever since. The prospects are that the Scottish economy could again pick up fast enough to lead the U.K., but it may not *be for some while.* The oil industry is coming out of its two-year hiatus with new platform orders and half a dozen more fields already declared commercial and moving towards production at various dates over the next two years. Non-oil industry is subject to the same restraints as the rest of the U.K. and, although a recent survey by the Glasgow Chamber of Commerce showed confidence again rising, it may be the spring before any real movement across the board is seen.

It is against this background that the growing competition in Scotland has to be viewed. Jokes fly thick and fast these days among Scottish bankers about the shortage of suitable banking halls and the occasional week that passes without a new foreign institution moving in.

But there is serious concern that the country may be becoming over-banked. The Finance directors of at least a few major Scottish companies have made themselves permanently unavailable to bankers who call "on spec" and for their part, eager young bankers soon become jaded when they find themselves in a queue to display their wares.

For the time being the rapid fall in interest rates has tilted the balance against the clearers, who are forced to quote rates tied to base rate rather than inter-bank rates which favour the retail institutions. This has given a ready edge to the incoming banks to use in a section of the market which can be expected to pick up first and in which the Scottish clearers are traditionally weak.

To combat the influx of bright young men, the Scottish clearers are beefing up their corporate teams and the indigenous and longer established merchant banks are picking their target areas with care in an attempt to find some corner of Scottish industry that has not already been saturated. Even so, with the market growing at a rate markedly less than the number of people wishing to share in it, some are bound to be left out.

One of the obvious area business could be take from the Scottish bank large number of Americ panies, both in manuf (where they now emplo thing like a sixth of t workforce) and in the industry.

One of the avowed of the U.S. banks for Scotland is to take b business which their tra *customers have been g* local banks. This is intensify competition. illustration of this was financed by Manufactur over Trust—which est its Scottish office a yea for the £28m. deal f Marathon Shipbuilding's bank yard and Penrod drilling concern. Alth is a fair bet that Marath rod, or both have an ext link with the American is also true that both in have been customers of banks.

Ray P

Hitting the headlines

...CT it seems that ... Giro has rarely ... the headlines since ...ial Times survey ... the U.K. just 12 ... The system has ... management re-...ered its critics ...upsurge in profit-... recent months. ...ntral focus of the ... plans to launch ...onalised industry ... resignation (two ... contract date) of ...ager took most ... surprise. Mr. ...rly of Tesco, and ... did so much to ... on the financial ...aging director of ...ntil the end of ... replaced by Mr. ...ight, a former ...nker with Rea... ...ile the manage-...t the Giro was ...er by the appoint-...ncial director, Mr.

The new team have taken over the running of what to the outsider appears to be a much healthier vehicle. The fruits of the Singer regime were clearly showing through at the end of the system's last financial year to March 1977 when the Giro managed to report an increase in profits from £1.8m. (before tax and interest payable) to £3.8m.—despite a rise of a quarter in its costs for the use of the postal services to £26.5m. This item is by far and away the Giro's biggest published operating expense.

Balance

Growth in business—average customer balances rose from around £140m. to over £180m. during the 12 months to last March—was accompanied by further improvements in operational efficiency in the face of continuing cost inflation, says the system's recently published annual accounts. "The result represents a return on public dividend capital plus retained profits of 15.2 per cent., compared with the return of 6.4 per cent. in 1975-76."

The continued growth in business in the corporate sector last year boosted deposits by a further 50 per cent. to an annual rate of nearly £8bn. by last March. In the past five years the Giro has thus increased this type of business roughly 12-fold. The introduction of limited overdraft facilities has enabled the system to provide a far more efficient funds management service.

Growth in the use of the National Giro for rent collection was less buoyant during the year with business in this particular field increasing by just 15 per cent. to over 30m. transactions by the end of the year. Something like 140 authorities are either using or planning to use this type of service. As for personal accounts, these increased by 42,000 during the year. The improved banking service reflected the introduction of a card guaranteeing Girocheques and an improvement in cheque cashing arrangements to go alongside the new limited overdraft facilities. Additional new services are currently on the drawing board including budget accounts — enabling customers to spread their annual bills over a full 12 months — and bridging loans.

At the end of last year the system launched what it describes as an important pilot scheme in the North West. This was aimed at recruiting additional personal account customers primarily among those people still paid weekly in cash and who have no form of current banking account.

"The campaign is one of a number designed not only to broaden the Giro's base of personal accounts but significantly to extend the awareness of the Giro and to meet the desirable social and economic objectives of spreading more widely the banking habit."

The Giro, of course, remains what it was when first created—a bank for the unbanked. Something over a third of the population of this country do not have a bank account (despite the efforts, and the money, spent by the major clearing banks in recent years in trying to increase business). The Giro system is free and its branches, the Post Office, are open outside traditional banking hours, notably on Saturdays. But the absence of facilities offering a deposit account remains a major drawback.

Deposit

However, the day when the creation of some form of deposit account comes into operation at the Giro may not be very far off. For the merger of the system with that of the National Savings Bank may be about to be promoted to the extent that formal plans for such a move could be unveiled at the beginning of next month. It is understood that the Prime Minister is eager to have detailed plans on the feasibility of a State bank in time for the Labour Party annual conference which starts on Monday, October 3.

Two separate and high level committees will shortly be presenting—or indeed may have already done so—the Government with their findings.

Consideration of plans for a new State bank stem from a resolution put to the Labour Party conference of 1976 when the National Executive Committee presented a controversial document which called for the nationalisation of the four major clearing banks together with the largest insurance companies.

The document was adopted but only after the executive committee had promised further consultations with the unions concerned. At the same time a much less emotive resolution was also approved—this called for the establishment of a State bank.

Jeffrey Brown

SMALLER BANKS

...avy competition

...HAS become a ...titive industry with ...or clearers clearly ...btain new business. ...of products offered ...much wider while ... been greater ...on the smaller ...h much of the re-...tising campaigns ... this direction. ...growing competi-...evitable cost pres-...maller banks such ...orkshire and Co-...nks have continued ... What is more both ...ed to obtain a far ...wth rate in new ...n can be seen from ...e major London

... last five years the ...bank has seen a 30 ...mp in new current ...around 400,000 while ... Co-op have doubled ...00,000. Expansion of ... also been fairly ...e 186 branches are ...ed by the Yorkshire ...y in the North and ...is although there is ... London, while there ... open a further two ...ad another five next ...o-op has 63 branches ... 4,000 retail outlets ... of stores.

...nks seem to have ...he sharp drop in in-... fairly comfortably. ... both these banks ...fer more than the ...ers in that they rely ...vily on interest-...ounts for their funds. Yorkshire and Co-op ...ot have to make ex-...to the money market for funds they would naturally feel the pinch if deposits were being lost through uncompetitive rates.

But though rates outside the banking network are far more attractive, both banks are still maintaining a very high deposits-to-advances ratio. Naturally, the rates now being offered by the building societies and the national savings movement are having some effect, but the outcome here has mainly been a slowdown in the growth rate rather than any actual erosion of deposit levels.

In the year to December, 1976, deposits at the Yorkshire Bank rose from £302m. to £339m., while advances stood at £186m. against £149m. Demand for personal loans and overdrafts has been very high on the back of the fall in interest rates but a continued rise in deposits has enabled the Yorkshire Bank to maintain its very high deposits-to-advances ratio. So the bank looks poised for another successful year. Over the last five years the record has been impressive with profits before tax rising from £4.9m. to £11.75m.

Much the same sort of trend is being experienced at the Co-op. Last year deposits rose from £270m. to £307m., while advances stood at £122m. against £101m., and a similar ratio is still being maintained. The profits level is less impressive than that seen at the Yorkshire with profits in 1976 standing at £2.67m. compared with £2.16m. This fact no doubt reflects the Co-op's policy of maintaining a free banking service together with the costs of its expansion programme.

The Co-op bank joined the London Bankers Clearing house in October 1975, the first bank to do so for nearly 40 years. At the time as the Co-op applied for membership the same opportunities were offered to the Yorkshire Bank along with the Scottish banks. But the Yorkshire felt there would not be any real benefits if membership was sought since they already had a very satisfactory arrangement with Williams and Glyn.

To maintain this sort of track record in a very competitive climate clearly suggests a very special service. The Yorkshire has built up customer loyalty over a number of years. It prides itself on its friendliness—the bank's slogan is "Friendliness, we built a bank on it"—and a speed and quality of services that the major clearers, with their wider geographical coverage, would find hard to match. Most of the Yorkshire's charges are in line with major competitors. While in all the branches other than the London branch there is late night opening once a week. The Yorkshire also offers a wider range of interest-bearing accounts than can be obtained elsewhere.

The Co-op tends to undercut the other banks offering personal loans at 8 per cent. against 8½ to 9 per cent. from the others while there is a free banking service if the current account is kept in credit. This coupled with the strong coverage of cheque cashing facilities in the retail outlets is an obvious lure for the smaller customer.

David Wright

FACTORING

Big four dominate

...been a year of steady ...the U.K. factors, and ...reason for the ex-...s that the clearing ...now more actively ...the service. Indeed ...our are coming close ...ing this industry.

...top there is the ...Westminster, which ...dit Factoring, prob-...biggest concern and ...claims to be factor-...he moment around ...hen there is Lloyds ...long with Scottish ...controls International ...andling around £150m. ...a year; while the Mid-...Griffin, which is about ...size. Barclays was ...the mark, but it also ...a thriving factoring ...

...f dozen other factors ...in the U.K. who are ...nt of the major banks ...r companies a rather ...factoring service—...t, for example, con-...on smaller companies ...firm with a turnover ...£250,000 a year and ...o discuss factoring is ...ed by the banks: Lloyds ...her subsidiary, Alex ...which looks after many ...ncerns.

...Factoring reckons that ...0 per cent. of its 240 clients also bank with the National Westminster, but there is no necessity to do so and many small companies prefer the extra sense, if not the reality of freedom which comes from using a factor which is quite detached from their bank. Perhaps the biggest single contribution of the clearing banks has been their ability to promote and publicise what is still a relatively little known service. After all less than 1,000 British companies use a factor.

But what exactly does a factor do? There are three basic services, but it is not necessary for a client to take them all and some factors do not actually offer them all. The first is a straightforward accounting service, with the factor looking after the sales ledger, sending out invoices and chasing up the money due. In time a company will probably want its own accounts department, but in the early stages a factor can be useful in allowing the management to concentrate on building up sales or perfecting the production line.

Second, most factors (Alex Lawrie is an exception) give their clients protection against bad debts. If a customer fails to pay, a factor makes good the loss — as long as the client has followed its advice on the credit rating of the customer. It is a criticism of factors that they err too far on the side of prudence and by not offering cover on certain transactions slow down the potential for growth of their clients.

Finally factors can improve the cash flow by passing on to clients up to 80 per cent. of the value of a debt as soon as they have sent off the invoice to the client's customer. The rest of the debt is passed on when the factor has received it. This service is particularly valuable when money is tight and companies can use the quick inflow of cash to get discounts or to fund expansion.

Flush

All these services tend to be charged for separately and they wax and wane in popularity according to the state of the economy. These days when banks are flush with money and interest rates are low, the financial service of the factors is less popular. On the other hand with the current uncertainties in business the credit insurance facility looks very attractive.

Companies pay their factor for the services they use, and the charges are geared to the amount of work and the extent of the risk that the factor undertakes. In general the costs range from between 0.75 and 2 per cent. of the clients turnover. If it also requires the early cash facility it pays between 2 to 4 per cent. above base rate for the money.

Factors find their customers among expanding companies, usually with a turnover of around £1m. a year, although often quite large organisations use a factor to help out on sales overseas, or with particular divisions.

This has been a prosperous year for factoring, and now that the industry has settled down after a spate of takeovers, and the tendency towards over-rapid expansion has been curbed, an even better future can be predicted. In good times factoring can be very profitable, which is another reason why the banks have regarded it as a worthwhile addition to their financial services.

There is still criticism of factoring — about its cost; about the way that a factor can seem to interfere in a client's business by deciding, indirectly, who it trades with; about the dangers in involving another enterprise in an independent operation. But the involvement of the clearing banks has raised the overall reputation of factoring, and for small and ambitious companies it is a service which is well worth investigating.

Antony Thorncroft

The guessing goes on

ANY DISCUSSION of developments in the merchant banking sector at the present time inevitably homes in rapidly on the recent resignation of Mr. Charles Ball as chairman of Barclays Merchant Bank. Mr. Ball was until less than 18 months ago vice-chairman of Kleinwort Benson, a leading independent merchant bank. His move to BMB came as a considerable surprise to the City and it was seen as a major coup fcr Barclays Bank. It was clearly designed to give BMB, then just a fledgling merchant bank, a leg up, certainly in terms of its credibility.

As things turned out activity among merchant banks was showing a marked upswing, particularly in the corporate finance field. BMB began to act for companies in takeovers and Mr. Ball semed to be back in his element, showing all the tactical skill that had built his reputation at Kleinworts.

But all was not going well. As Mr. Ball has since explained, disagreement with the parent bank arose over whether term lending generated via the branches should be handled by the main bank or the merchant bank. Mr. Ball thought that, with the larger loans, it should be his responsibility since the necessary expertise was a feature of merchant banking. The main bank thought otherwise, so leading to the split. There seems, however, to have been other factors behind the rift. In the early stages of BMB it handled some currency business. That, however, is no longer the case as this is now concentrated in Barclays Bank International. Other activities, less traditional but nonetheless key to many merchant banks—such as investment advice, insurance and leasing—are also vested in separate companies *within Barclays. So Mr. Ball* was clearly faced with a narrowing field of activity embracing medium-term lending, sterling money market business, acceptance credits and corporate finance. None of these activities, of course, in itself distinguished BMB from any other bank, and so Mr. Ball apparently decided that to establish BMB's reputation and attract high calibre people he would make term lending a particular feature of BMB, obviously contemplating maximum use of the group's overall financial strength.

What happens now is anyone's guess—and there is certainly a lot of guessing going on. It is difficult to assess whether any fundamental change of attitude has taken place within Barclays Bank over merchant banking, and the bank itself has given no indication of its intentions.

Ponder

Whatever does happen, however, it seems likely to set BMB back in its development. A *question to ponder is whether* it will affect the other two merchant banking subsidiaries of clearing banks—Samuel Montagu (Midland's subsidiary) and County Bank (National Westminster). On balance, it seems unlikely. They are both very different animals from BMB. Montagu being an old-established merchant bank which was bought by Midland, and subsequently strengthened, particularly on its investment side, with the purchase of Drayton Corporation. County Bank was started from scratch in 1969 and has taken a much lower-key path, remaining very reliant on business from its parent (about 80 to 90 per cent. *of its business is directed from* Natwest), but maintaining strongly that it operates completely autonomously and does not have to pick up Natwest's suggestions. *BMB's business* was largely self-generated.

The point about the clearers' merchant banks being different *animals applies* equally—or perhaps even more so—to the independent merchant banks. Lumped together under one heading they seem to do pre*cisely the same thing.* For the most part, in fact, each has a distinguishing aspect which sets them apart from one another. Thus, while each has a *full spread of activities.* Hill Samuel, for example, is known for unit trusts and insurance, while Hambros is known for financing trade through acceptance credits and other facilities. Robert Fleming has enormous interests in investment management and Morgan Grenfell, with no investment trusts, is a major force in export credit on capital goods exports and has led the field in the revival of rights issues by many major companies.

This specialisation is probably the key reason behind the fact that the independent merchant banks have maintained their position. That they have grown substantially over the last 20 years is *reflected* in statistics of deposits of the accepting houses. Back in 1958, their deposits amounted to £192.3m., representing just 2.9 per cent. of deposits of the clearing banks. Acceptances at that time were equal to 59 per cent. of deposits. Over the next four years deposits rose sharply to £595.7m., or just under 8 per cent. of clearers' deposits, with acceptances being 30 per cent. of deposits. At the end of last year, deposits totalled nearly £2.8bn., or almost 11.5 per cent. of clearers' deposits.

Not only is the specialisation of the independents important, but so also are the specialists within them. For merchant banking is a very personal type of business, with relationships between merchant banker and a company often extending over many years. This is in sharp contrast to clearing banks, where advancement in one's career involves a fair amount of moving around. In a merchant bank people reach senior personnel status at a relatively young age, simply because, with (generally) a background of banking experience they are pitched straight in at the deep end. If they prove themselves advancement can be rapid. Conversely, the penalty has to be paid if they *don't come up to scratch.*

Another feature of merchant banking, argued strongly by the independents and most particularly those which are members *of the Acceptance Houses Com*mittee, is that a true merchant bank must be innovative, as instanced most recently, perhaps, by Morgan Grenfell with such devices as floating rate loans for local authorities, designed to meet their particular requirements in the changed economic situation.

By this argument, County Bank, for example, has been accused of not meeting the innovative requirement. This, in part, it accepts, but suggests that with the deal it put together for Ferranti and by leading a consortium loan of £100m. for British Nuclear Fuels last year it is beginning to show its paces after deliberately taking a steady course to establish its own expertise and reputation.

The outlook for merchant banks now is probaly quite bright. Although the rate of inflation now looks to be easing, its effect on many companies has probably still to work through and this may mean quite a lot more capital reorganisation, including rights issues. At the same time the owners of private companies still wary about going public, *may wish to realise some of* their capital by a private placing—an activity which many merchant banks are involved in, with their contacts with institutions.

Strength

The growing strength of sterling presents possibilities in the sterling capital markets, and many companies may begin actively to seek more trade internationally and to establish *themselves abroad.* There seem to be mixed views on whether a spate of takeover bids is likely to develop, some arguing that it is altogether too diffi*cult these days to get into con*tested bid situations, while others suggest that in some cases the will to acquire will override intial inhibitions if the economic climate continues to look brighter and the stock market stays bullish.

Looking further ahead to the medium term, one merchant banker puts forward the suggestion that there is going to be a very great deal of capital reorganisation to be done as debentures taken out many years ago come up for repayment and that, given the very low premiums at which they were taken out, coupled with the fact that assets which they financed will be up for renewal, a considerable amount of innovation is going to be necessary.

Nicholas Leslie

LEASING

New rules spur record growth

THERE IS now no doubt that 1977 will prove yet another record year for the leasing *industry in Britain.* The cost of new assets purchased will amount to an absolute minimum of £500m. this year, and is more likely to be closer to *£600m. Last year the figure* provided by the Equipment Leasing Association was £421m., a 25 per cent. increase on the previous year.

The leasing industry, in short, is the fastest growing sector of industrial finance to-day. The commercial banks and finance houses, as well as a variety of other institutions, find leasing an attractive method of obtaining first year depreciation allowances on taxable profits, and a useful way of converting *short-term money into medium*-term financing, which is what leasing really is.

Recent months have seen two notable events. The largest lease ever signed in the U.K. for a single industrial asset was announced at the turn of the year: this was for the £70m. catalytic cracking unit for the addition *to the Lindsey Oil Refinery on* Humberside (Total and Petrofina). It underlined the fact that the average value of lease contracts in the U.K. was grow*ing,* and it proved that massive consortium leases could be arranged.

The other notable event concerned the relaxation of the *Control of Hiring Order,* which controlled the leasing of motor cars. The relaxation did away both with the onerous 10-month advance rental requirements and the doubts surrounding the legality of letting lessees have rental rebates reflecting the sale price of vehicles. The relaxations came into effect in early June, and the already growing vehicle leasing industry began to see massive new volumes of business.

For some time there has been a great deal of conversation about the growth of the export leasing business, but this has been slow to materialise. Recent events, however, show that it is on its way to common acceptance.

For instance, Morgan Grenfell, *through a partnership with* the Moscow Narodny Bank called East West Leasing, obtained ECGD guarantees for the export of several Coles *heavy-lift mobile cranes* to Interco-operation of Hungary. Williams and Glyn's has done, or is on the verge of doing, three deals to South American *countries,* where it has employed the method of visiting the clients in tandem with the manufacturers of the equipment.

The growth of the industry has been such that a large number of small broking firms have sprung up to service demand. This has particularly been the case in the past two years, and the initial reception by the major lessors was cool. On the one hand there was the fear that "bucket shop" operations would *bring the industry into dis*repute, and on the other the fear that competition would erode margins to levels of bad business.

Accepted

A canvass of several leading members of the ELA, however, reveals that the existence of brokers is now accepted as a fact of life after initial scepticism, and puts the leasing industry on a par with the insurance and ship financing industries, for example. There is some concern that the special strengths of an entirely lessor-membership of the ELA would be diluted by admitting pure brokers, and the answer would seem to lie in a brokers' association set up and run by brokers.

The basic rules of leasing are simple. Lessors rank equally with industrialists in being able to take advantage of full first year depreciation allowances on new assets purchased for industrial use. While the assessment of commercial risk in business is basically the same as that applied to medium-term loans, leasing is a 100 per cent. financing facility, and advantageous to the cash flow in that res...

The lessor's first ye... ances are passed ... lessee by way of rentals, but the assets become the property ... lessee: this is in ord... serve the legality ... allowances. A second ... at peppercorn rents ... rebate in rentals to t... secondhand sale pri... asset, are the financ... to *this* conundrum. ... chooses, operates ... the asset as though it ... but legal ownership ... with the lessor.

Undoubtedly a com... low taxable profit ... find leasing attractiv... will a company ... preserving lines of ... trading operations ... stream activities not ... with the leased asset ... trucks for the compan... for instance). Leasin... always the most attra... of finance, so it is wo... trouble to identify th... of the contract co... commercial money ... rates.

Continental count... thriving leasing indus... out the industrial ... allowances permitted ... U.K., so that it is a... the leasing industry ... pendent on tax allow... official policy of th... that lessors wish to ... treated equally with ... when it comes to inc... vestment. There is ... cial plea for leasi... recognised as the uni... ment it is.

The current ELA ... Stuart Errington, w... say in a recent sp... lessors wanted "noth... the Government ... equality, and Alan ... MP, Secretary of St... dustry was able to ... am sure we will d... can to accommodate ...

Robert ...
Editor, Leas...

TRUSTEE SAVINGS BANKS

A broader range of services

BY NOVEMBER, 1980 the Trustee Savings Banks intend to have completed the first phase of their transition from quasi-State institutions with their roots in 19th century co-operative effort, into an independent third force in 20th century banking. The origins of the change lie in the findings of the Page Committee on National Savings, which reported in June 1973: and the instrument through which it is to be implemented is the TSB Act 1976.

In fact the TSBs had started to move towards the sort of structure envisaged in the Page Report before that legislation reached the statute book. The 72 regional savings banks had, by a process of amalgamation, become a mere 19 during 1975, thereby paving the way for the introduction of the new co-ordinating body for the movement, the Central Board, in 1976. Unlike the Trustee Savings Banks Association, which *it replaced, the Central Board* has powers, not merely to recommend, but upon occasion to direct its members in a course of action. The Central TSB also *provides clearing and wholesale* facilities for the regional banks in England, Wales and the Channel Islands, and acts as London agent for the Northern Ireland Bank. So where before 1976 the movement was using the commercial banks to provide a clearing service on customers' cheques, the Central TSB now handles some 4m. items a month—and places average daily balances of some £500m. in the London money markets on the regional banks' behalf.

Backbone

Such structural changes do not, however, make much difference at the high street level, where the personal customer who is to remain the backbone of the TSB's clientele will only just have become aware of *changes within the movement.* That awareness stems from the TSB's introduction of personal lending, the second of the great changes planned for 1976, but postponed because Government wages policy prevented the TSBs from providing their staff with additional payments for taking on this new responsibility. A compromise solution, whose details remain somewhat obscure, permitted the TSBs to introduce their new lending service with effect from the beginning of August. In consequence any customer of a year's standing may apply to borrow up to £1,500 from his local branch.

Though the sums involved are hardly dramatic—Government monetary policy has limited the amount the TSBs have available to lend, and they are in any case somewhat chary of running before they have learned to walk — the concept is, in the TSB context, quite revolutionary. Hitherto—with the exception of some money market lending to discount houses and listed banks, and "mutual assistance" loans to one another—all the lending done by the TSBs has been within the public sector. While liabilities consisted almost entirely of large numbers of small deposits from personal customers, assets were made up of deposits with the National Debt Commissioners, holdings with local authorities and public corporations, and gilt-edged stock. It is this neat pattern which the TSBs are in process *of breaking* as they expand their services to their customers by providing them with a borrowing as well as a deposit facility.

The introduction of personal loans is not, however, likely to be the sum of the TSB's adventurous new lending policy. Plans for the introduction of secured loans and bridging finance are already in the pipeline: plans for making loans to commercial customers are under consideration; and over the longer term the TSBs have a mind to move into credit cards and the provision of mortgages as well. All this, however, lies in the somewhat *indefinite future.* For the moment caution in lending remains the order of the day. The TSBs are still fighting shy, for example, of going so far as to formalise their overdraft arrangements—though they say that they will not bounce a cheque drawn by a customer, providing that he does not make a habit of becoming overdrawn.

In other respects the TSBs are well on the way to providing a service comparable to that of the commercial clearing banks. Cheque accounts, first introduced in 1965, a... fastest growth area... services, though cheq... holders still only ... around 1.5m. of the ... depositors. Recent ... of the charges mad... money transmission ... (direct debits and ... orders) provided fo... numerous Savings ... (pass book) holders ... clearly enough the ... which the TSBs see ... vices developing: ar... wants to use the ini... ing Savings Account ... thing other than savi... to be discouraged.

Potentially the c... further than that, fol... duction of a wider ... lending is going to ... TSB's cost structur... has, indeed, started ... already, with the n... quantified, payments ... additional responsibi... that returns on t... *assets will, in any c...* clining as interest ... cline, there must be ... mark over how long ... force" in U.K. bankir... *it feasible to maint...* terest-bearing pa... accounts in being.

When the links ... National Debt Office ... broken (probably ... the attractions of su... will decline, for the ... tion now granted ... interest on Savings ... (up to the first £70 p... will disappear as w... exemption is, howeve... relevance only to ... taxpayers (at the mo... there is no doubt t... Savings Account we... out there would be l... bers of small savers ... a home for their m... where—in the Nation... Bank and the building...

In any case the ... which the TSBs are ... ing in their new gui... directed to such ... cated savers. The de... into personal lending... trusts, into insurance ... travellers' cheques a... that the market the ... going for now is that ... the commercial clea... already: the aim no... simply to complemen... compete.

Adrienne ...

European cars: swing to bigger models

BY TERRY DODSWORTH, Motor Industry Correspondent

...e most puzzling ...uropean car sales ...: three-and-a-half ...continuing success ...rious, and poten... ...mical vehicles. In ...d for these model ... have been greatly ...he oil crisis. In ... car companies ... most on their ...ensive exclusivity ...and Rolls-Royce— ...from the market ...974 and 1975, and ...mitators have not ...ither.

...l since the Yom ...as also been not... ...umber of new cars ... the so-called "ex... ...et. Virtually every ...ar company in ...rought new luxury ... stream in this ...t least three com... ..., British Leyland ...—have opened fac... ...are integral parts ...tment programmes ...£100m. The only ...ispicuously absent ...mpede in the last ...is Chrysler's, and ...has had virtually ...spend anyway.

...of intense product ...drew towards its ...with the first pub... ...of the new Ford ...Opel Rekord and ...els at the Frank... ...ow. The launch of ...rs means that the ...ines for the future ..., with, on the one ...ablished specialist ...s, and on the other ...producers who are ...ing to have ideas ...l have been well ...tation a few years ...ace of it, the scene is set for a classic market confrontation between volume manufacturers moving into a more select area of the business, and hard-pressed specialists defending their exclusive citadels.

Some manufacturers believe that this stage of evolution, when the big volume producers sweep the field as they have done in America, has already been reached in Europe. As examples of the trend they point to the recent troubles of Volvo and Saab, and the gradual process by which quality marques have been swallowed by larger companies in the last decade. It is also clear that among the specialist manufacturers there is a sneaking fear that production expansion among their larger rivals will lead to a big squeeze on their own profits.

Capacity

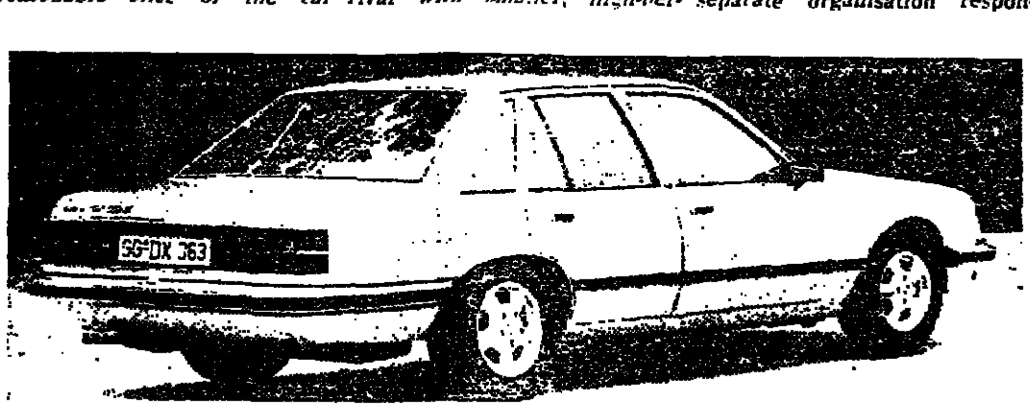
This view of the future was put most forcefully in a sombre interview given recently by Dr. Joachim Zahn, chairman of Mercedes - Benz. Dr. Zahn quoted in Autocar, had this to say: "Recently, several of the leading European manufacturers suffered from excessive capacity. I do not want to name anyone, but I would like to stress a general problem: everyone entered a mad race to expand, even though we will have to face a market that will not need any additional production capacity. This is why I have reservations about the future of our industry. I don't think that everyone has clearly understood the limitations to our growth and that they have prepared for this."

The weakness of this argument about overcapacity is that all the available evidence suggests that there is no real lack of demand for "executive" type cars in Europe at present. In Western Europe as a whole, sales in this broad category—relatively cheap cars like the Leyland Princess at the bottom end, and the Mercedes range at the top—have remained remarkably steady for the last five years at about 25 per cent. of the total. In 1974, in the direct wake of the oil crisis, they slipped to 23.6 per cent., but have since resumed an upward growth to 25.5 per cent. of the total last year.

Nevertheless, Dr. Zahn's comments point to a clear danger for narrowly-based specialist organisation from the ambitions of companies like Ford and Opel. Over the long term, success has ridden with the big battalions in the European industry, and although Mercedes itself can afford to cross swords with anyone, the mass producers have now clearly fixed their eye on the prospects of sizeable growth in this sector which could come from competitors as much as natural market expansion. Only a decade ago Ford and Opel (along with Vauxhall, Opel's British sister company), were regarded as down-market producers of bread-and-butter cars. To-day they have a jauntier image, and the big question now is whether they can polish this up sufficiently to take on their more established competitors.

The development of new top-line models by the two American-owned groups can be seen as a response to the marketing strategies developed by the indigenous European producers in the last ten years. In this period Volkswagen, Fiat and British Leyland all picked up specialist producers which have been tagged on to the top of their range to give them a very broad coverage of the market. The American-owned groups and the French manufacturers—Citroën, Renault and Peugeot—have followed the principles of this marketing philosophy by developing their own executive vehicles.

The result is that Europe has a large number of companies offering quite similar product ranges, and all attracting a reasonable slice of the car market. Audi, Ford, BMW, Opel, and Peugeot, for example, all take between 1.5 and 2.0 per cent. of European sales in this category, with Volvo and Citroën accounting for between 1.0 per cent. and 1.5 per cent., and Mercedes well over 20 per cent.



Up-market newcomer: the Opel Senator which was unveiled at the Frankfurt Motor Show for a launch next year.

Following the recent moves to bring more investment on stream, the overall picture breaks down as follows:

● Mercedes remains by far the most significant manufacturer in the sector, with a current manufacturing potential of about 370,000 units a year, of which 160,000 are diesel. The company is now expanding by launching a new range of estate cars, which will increase its annual output to 430,000 units. It also has well developed interests in truck manufacturing.

● BMW, the other big independent German producer, has followed a very different route from Mercedes, going for a market slot lower than its larger rival with smaller, high-performance cars, and limiting its activities to cars and a range of motorcycles. Since 1975 the company has remodelled the whole its range. It made 275,000 cars last year, and is aiming for 285,000.

● Volkswagen is now settling into a strategy which gives the Audi marque responsibility for its big, quality cars only. Production of the new 100 model is touching capacity at almost 200,000 units a year.

● British Leyland, inheriting Triumph, Rover and Jaguar, has had similar problems to VW in sorting out its marketing approach. The present policy is for Rover to take responsibility for the group's big executive models, Triumph for the sports cars only, and Jaguar for the top-line Mercedes-type vehicles. The new Rover plant has a capacity of about 150,000 units a year, and Jaguar of about 40,000. But Rover is still working at only about one-third of its potential.

● Fiat has made Lancia a separate organisation responsible for a range of more luxurious vehicles—Autobianchi in the Mini-type market, the Beta in the middle of the market, and the new Gamma in the top ranges. Total capacity is about 80,000 units.

● Volvo, starting as a manufacturer only of large vehicles, has followed the counter strategy of moving into the small and medium-size car markets with the purchase of the former Daf car company in Holland. Potential output of its big cars is about 250,000 units a year, although it is producing at less than that rate at present.

● Saab, losing money on its cars, and now forced to cut back production, makes about 100,000 units a year.

● The big three French manufacturers are now producing executive cars in considerable volume. Citroën made 125,000 units of the CX last year, Renault will make 100,000 R20s and 30,000 R30s this year. Peugeot, with the solid base of the 504 (almost 200,000 units a year) to build on is aiming its new 604 model directly at the Mercedes range—the one newcomer which appears to have caused any alarm in the Mercedes headquarters.

● Ford, having transferred production of the Granada from the U.K. to centralise it on its Cologne factory, has stepped up output this year to an annual rate of more than 300,000.

● Opel, like Ford, is now moving into an expansionary phase, with an output of the Rekord running at about 180,000 units a year, and the new Senator and Monza lines unveiled in Frankfurt (for launch next year) planned at about 30,000 a year. These last two models replace the Admiral and Diplomat, which aimed over-ambitiously at the limited limousine market, and only reached a production rate of about 3,000 a year.

The combined capacity of all these producers is close enough to the present level of demand to pose no immediate problems of over-production in crude terms. But there is clearly going to be a lot of jockeying for position between the rival companies in the years ahead, with the volume producers relying on their size to exert pressure on the market, and the specialists putting their faith in their image.

There are many analysts in the industry who believe that the images of exclusivity which have been fostered by the specialists will always ensure them a position against the bustling ambitions of the Fords and Opels of this world. This is why Volkswagen and Leyland have kept the quality marque names they inherited. Even so, it is becoming clear that specialist car manufacturing is becoming a volume-type business, with producers looking for benefits of scale and trying to economise on components by extending their use across several models. Mercedes itself, the doyen of the industry, now makes 200,000 units a year of its base 200 Series model.

Diesel

It is difficult to avoid the conclusion, therefore, that Ford and Opel will pose a serious threat to the more vulnerable specialist manufacturers in the next few years. Both these companies have the advantage of their base in Germany, which has the largest market for executive vehicles in Western Europe, and the most robust economy to support big car sales. They both now have diesel engine options, which have become so essential in this market to-day (Opel is expanding diesel output from 25,000 units a year to 100,000), and they both have healthy dealer networks across Europe.

For Fiat, still pulling Lancia round; for Volvo, now wondering where to turn after the collapse of its proposed merger with Saab; for Saab itself, now having to close down production lines; and for Leyland, still struggling to get anything like full potential out of its Rover factory, the recent events in Germany can have provided very little comfort.

Letters to the Editor

...on ...nting

From Mr. D. C. Damant.

...comments by Lex in ... of September 9 go ...e heart of the cur... ...of the controversy ...on accounting. In ...out U.K. company ...remarks first that ...; profits of £14.6bn. ...to £4bn. after stock ...and replacement ...eciation. Second, ...es make no allow... ...transfer of wealth ...eholders and credi... ...t these remarks are ...ith two quite dif... ...s.

...sed requirement for ...and stocks in an in... ...ge is a financing ...addition, the com... ...ed higher working ...all financing ques... ...ected by considera... ...e available sources ...ther debt, creditors ...he only way of des... ...problem completely ...ull financing table, ...cially constructed, ...the profit and loss ...n Sandilands causes ...ingle profits figure, ...es a qualitative ...e cash flows arising ...rations of the year.

...transfers of wealth, ...r hand, cannot be ...ider a current cost ...ven for a company ...t, there is no way ...g profit as between ... and another, since ...dices are used for ...y, and there is no ...rdstick. Similarly ...evice for measuring ...of wealth from ...shareholders. It is ...trary to reconstruct ...re by taking certain ...n flows of funds, ...bitrary to adjust for ...basis of the gearing ...posed, for example, ...ey and Gibbs solu... ...er there is no prin... ...h one of these solu... ...be preferred to ...that if the different ...e different rankings ...any profits one can... ...these rankings are ...if one cannot con... ...y profits one with ...s difficult to see the ...exercise.

...two possible solu... ...dilemma. The first ...ise that there is no ...which may be used ...rrent cost system. ...ype of replacement ...ing inextricably con... ...ing needs with the ...the year. This is ...which I would pre... ...cond solution is to ...rent cost accounting ...level accounting as ...the French account... ...this latter solution, ...on the balance sheet ...justed both by indi... ...es (which would give ...uations and a basis ...s) and by a general ...x (which would ...parisons of gains of ...be made from one ...another, and deal ...oblem of gearing). ...iety of Investment ...this country has ...ongly against price ...itancy. I believe cor... ...the grounds that ...cel for inflation is, ...ntext of investment ...theoretical construc... ...at least the French ...method produces ...profits which may be ...rom one company to ...which are logically ...hich is not the case ...figures produced by applying a gearing adjustment to part of the financing flows.

D. C. Damant.
Investment Research,
28 Panton Street, Cambridge.

Improved performance

From the chairman-elect, Institute of Purchasing and Supply

Sir,—Britain's managers will welcome Sir Derek Ezra's initiative (September 14), launching a campaign to improve the U.K.'s industrial performance. In spite of the euphoria of the last few days about the trading figures, realists will be fully aware that the prospects of favourable trade balances and increased reserves during the next few years are narrowly based on the nation's indigenous but expendable fuel reserves. Industrial production levels remain poor (8 per cent. below the 1973 peak) and unemployment figures are too high.

A comprehensive strategy for improved performance in absolute terms has still to be worked out, and hopefully, this will also be capable of realisation before the benefits of the North Sea resources are dissipated. Managers have an important role in the preparation of this strategy as well as in its implementation.

Among the key areas in which Sir Derek sees the need for special attention is materials management, and few would argue with him on the evidence of a recent survey by the Institute of Purchasing and Supply. This suggests that something in excess of £75bn. was spent by its members alone over the last 12 months, mainly on products and materials, two-thirds of which involved U.K. production. The materials management implications in this typical scale of operations are staggering. The control and custody of stores, stock financing and distribution costs could add 20-30 per cent. average to these basic figures. On the basis of the current survey a 3 per cent. saving on stock level values of goods administered by Institute of Purchasing and Supply members could save the nation £1.5bn. in a year—an amount equivalent to the trade balance deficit for 1976.

Sir Derek's call must not go unheeded. This is a new opportunity for management to step boldly from the shadows once more—to manage.

J. R. Gammon.
York House,
Westminster Bridge Road, S.E.1.

A SPUR to manage

From the Director-General, British Institute of Management

Sir,—We must all be grateful to Mr. Robert Smith (September 12) for reminding us yet again—not that most of us need any reminding—of the quite appalling effect that the squeeze on differentials has had upon the British manager.

I am also grateful to him for recognising that the British Institute of Management has a duty to emphasise the overriding importance of maintaining the progress which we have made in the battle against inflation through pay policy and other economic measures over the past two years. As he rightly points out, this was the burden of my message to BIM members and management in general when I stressed the need to adhere both to a 12-month interval between principal pay settlements over the next year and to the concept that earnings overall should not be allowed to increase by more than 10 per cent. It is going to be difficult for managers to pick themselves up and revive their very bruised motivation, but it is essential that they do so. The new "SPUR" initiative, launched this week by BIM, aims to give them every assistance in developing a positive response to the challenge which our now improved economic situation provides.

BIM is to campaign, over the next 18 months to two years, to show in practical terms how the skills of managers and other professional people who contribute to our manufacturing effort can be stimulated to improve overall U.K. industrial performance so as to create greater national prosperity and support the nation's economic and social objectives.

Why SPUR? Because we need to improve our commercial strategies (S), our performance (P) at managerial and shop-floor level, and we must utilise our resources (UR) more economically.

The BIM initiative is also designed to increase the awareness, the motivation and capacity for improvement of professional managers and, through them, of all levels of the workforce. Also to increase public awareness and appreciation of the contribution that professional managers are making to those industries whose effectiveness is vital to that greater return on resources that can provide Britain with a more prosperous way of life.

Confident that SPUR will underline the contribution which managers make, BIM will continue with ever greater vigour to pursue representations, on their behalf, to Government, the general public, the media and other interested groups about major issues affecting the day-to-day working life of the manager.

I think from this brief summary of our future programme you will see that BIM fully appreciates the dilemma of an under-rewarded body of managers, who lack adequate incentive but must act as a spearhead and the catalyst to industrial recovery in the era of opportunity now ahead of the nation.

Roy Close.
Management House,
Parker Street, W.C.2.

Exchange rate policy

From Mr. W. Grey

Sir,—The Bank of England's fear, in its latest Quarterly Bulletin, that the benefit of slower inflation and lower inflationary expectations obtainable from a higher sterling exchange rate would be outweighed by its damage to British industry's competitiveness seems, with respect, to be misplaced. For the same market forces that, given their head, might push the sterling exchange rate some way above the level to which it is currently being pegged would smartly bring it down to earth, without any need for official intervention, if events were to prove the Bank's fear to be justified. This then is a pseudo-problem — a hangover from the days when manipulation of the exchange rate was held to confer a real advantage.

Not that a policy of currency appreciation is therefore necessarily a good thing. Arguably, the best exchange rate policy — if there is such a thing — is one where a country's internal and external affairs are regularly conducted in such a way that its exchange rate is, by and large, kept stable. Briefly, if a falling exchange rate is a symptom of a country living beyond its means, a rising one can be held to denote a failure to make the most of its existing resources. A stable exchange rate, secured not by any fettering but through the free interplay of market forces, is thus at once a barometer of and a benchmark for sound economic management than which it is hard to conceive of a better.

W. Grey.
12 Arden Road,
Finchley, N3

The service at clearing banks

From Mr. C. Wyatt.

Sir,—A shrewd old man, who had combined haulage and horse dealing all his life at no small profit once told me: "Treat a bank just like a fish shop. They are only there to sell money, so if you don't like what they offer go down the road and try somewhere else."

If a few more people would adopt this attitude to banks we might start to get service again. As it is they have mesmerised us with the image of the all-powerful, all-seeing, all-knowing bank manager who pops out of cupboards. We accept his judgement on loans and interest rates with tears of gratitude in our eyes.

The final straw has been the smug way in which the banks have told us that we are all against nationalisation of them. Are we? The way the main clearers operate their cartel on base rates we might as well be.

Would a nationalised bank, with the political overtones this implies, get away with borrowing from its customers at 3 per cent. and lending to them a lesser amount a week or two later at 11 per cent. Those are the terms offered me on a recent property transaction.

Nor do they give any interest on current accounts—but just wait till you pop into the red for a few days, a debit interest will soon appear.

But I know a bank that does pay interest on current accounts which proves that computers can add up plusses as well as minuses. The manager will even discuss rates of interest with customers and show an interest in what they propose.

I cannot give its name as present customers might be trodden to death in the rush, but I would tell the chairmen of the clearing banks in the hope that they might re-learn how a bank can be run — and at a profit.

Charles Wyatt.
Malcolm House,
12, Orange Street,
Haymarket, W.C.2.

Access by railway

From the Hon. Secretary, Railway Development Association.

Sir,—In your report on September 10 concerning the welcome development of a new Ford plant at Bridgend emphasis was placed on the site being near the M4. This was also stressed by the Welsh Development Agency.

The Government Transport White Paper published three months ago, para 184 states: "Local authorities will be reminded of the need for them to bear in mind, when exercising the range of their planning responsibilities, the advantages of promoting direct rail access for industrial development."

Was this national transport policy aim followed? If not, why not?

K. Meyer,
5, Pembridge Crescent, W.11.

To-day's Events

GENERAL

Federal Appeals Court expected to rule on Concorde landing rights at New York.

EEC Finance Ministers meet, Brussels.

EEC Foreign Ministers begin two-day meeting, Brussels.

Mr. Moshe Dayan, Israeli Foreign Minister, has talks in Washington with President Carter and Mr. Cyrus Vance, U.S. Secretary of State.

British Airways start selling low fare stand-by tickets between London and New York.

Chinese military mission continues official visit to France.

Windscale public inquiry resumes, Whitehaven.

United Nations Sugar Conference continues, Geneva.

Prime Minister opens new Brighton Centre, King's Road.

Mr. Michael Foot, Leader of House of Commons, opens Public Services International Congress, Assembly Hall, Edinburgh.

Mr. Alan Williams, Minister of State, Industry, begins four-day visit to Czechoslovakia.

London Chamber of Commerce half-day conference on Barter Trade in Eastern Europe begins at 10 a.m., 69, Cannon Street, E.C.4.

Football Association Council meets.

Extraordinary general meeting of Football League on players' contracts.

British Veterinary Association conference opens, University College, Swansea.

OFFICIAL STATISTICS

Basic rates of wages and normal weekly hours (August). Monthly index of average earnings (July).

COMPANY RESULTS

Simon Engineering (half-year). United Biscuits (Holdings) (half-year).

COMPANY MEETINGS

See Week's Financial Diary on page 7.

BALLET

Sadler's Wells Royal Ballet dance Coppelia, Sadler's Wells Theatre, E.C.1, 7.30 p.m.

MUSIC

Christine Shepherd (piano) plays music by Mozart, Schubert and Debussy, St. Lawrence Jewry next Guildhall, E.C.2, 1 p.m.

Organ recital by Jonathan Hagger, St. Michael, Cornhill, E.C.3, 1 p.m.

London Schools Symphony Orchestra, conductor Simon Rattle, with Dinah Harris (soprano), in programme of Stravinsky, Debussy, Villa-Lobos, and Brahms, Royal Festival Hall, S.E.1, 7.30 p.m.

SPORT

Cricket: Minor Counties challenge match, Suffolk v. Durham, Ipswich. Boxing: Danny McAlinden v. Neil Malpass, World Sporting Club, Grosvenor House, W.1. Cycling: Skol six-day race, Wembley.

COMPANY NEWS

Further progress seen by BET chairman

CERTAIN OPERATIONS of British Electric Traction still present problems says Sir John Spencer Wills, chairman, but there is no reason why the group as a whole should not continue overall progress in the current year, he adds.

He is cautious on making a firm forecast on profits but does expect an increase over the £55.31m. (£42.18m.) reported for the year to March 31, 1977.

The problems mentioned by Sir John are at Humphries Holdings and Murphy Bros. and he reports that the group is well on the way to solving these difficulties. Both companies have made substantial headway and look set to move into profit in the current year.

The technical problems encountered in establishing Re-Chem's industrial waste disposal business also seem to have been largely overcome.

A divisional analysis of turnover £512.86m. (£432.83m.) and pre-tax profit for 1976-77 in percentages shows: Freight and passenger transport 32.6 (30.8) and 30.8 (32.6); TV rental, relay, overseas broadcasting and electronic manufacture 27.1 (28.2) and 28.6 (36.3); Joinery, steel construction and building supplies 12.8 (same) and 12.9 (8.4); Independent television 7.5 (6.7) and 10.5 (7.4); Plant hire 4.4 (4.7) and 7.8 (10.3); Linen hire, laundry and ancillary services 4.4 (4.5) and 6.8 (6.6); Printing and publishing 2.8 (same) and 2.4 (1.8); Films and television ancillary services 1.8 (2.1) and losses 0.1 (2.1); Mining and civil engineering 2.7 (3.6) and losses 0.9 (9.1); Entertainment and leisure 1.4 (1.3) and losses 5 (1.6); Other interests 2.5 (same) and 1.6 (3.7). Associate companies contributed £2.73m. (£2.33m.) to profit.

A geographical breakdown of turnover and trading profit in percentages discloses: Africa 42.1 (43.5) and 81.2 (82.8); North America 24.1 (21.7) and 13.9 (15.5); Europe 15.5 (13.9) and 9.8 (3); Australia 8.7 (11.7) and loss 1.5 (profit 1); Asia 7 (6.5) and losses 7.5 (6.5); West Indies 2.6 (2.7) and 4.1 (4.2).

A Statement of Source and Application of Funds shows a £7.74m. (£17.26m.) increase in working capital. Meeting, Connaught Rooms, W.C., on October 13, at 12.15.

Statement Page 31

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Cohen Bros. (Electrical), Expanded Metal, Garton Engineering, Stanley Gibbons International, Harmony Gold Mines, Leadenhall-Sterling Investments, Simon Engineering, Tricentrol, United Biscuits.

Finals:—Chambers and Fargus, F. and C. Eurotrust, W. Henshall (Addlestone).

FUTURE DATES

Interims—

Alva Investment Trust	Sept. 27
British Printing	*Sept. 22*
Chersonese (FMS) Rubber Ests.	Sept. 22
General Investors and Trustees	Sept. 22
Gibbs (Antony)	Sept. 21
Silvermines	Sept. 28
Unicorn Industries	Sept 27
Walker (C. & W.)	Sept. 27
Warne Wright and Rowland	Oct. 6
Whittingham (William)	Sept. 22
Wilkinson Warburton	Sept. 22

Finals—

Bejam	Sept. 28
Burns-Anderson	Sept. 28
Campari	Oct. 3
Casket (S.)	Oct. 14
Dares Estates	Sept. 21
EMI	Oct. 6
Haggas (John)	Sept. 27
Muar River Rubber	*Sept. 22*
Westminster and Country Prop.	Sept. 21

Jones Stroud confident

MR. PHILIP JONES, chairman of Jones Stroud (Holdings), is confident that provided that there are no adverse developments during the second half of the current year, it will produce a significant increase in profits.

The chairman says that he would like to feel that circumstances were now such that another programme of expansion could be undertaken, but he still views the immediate future with a great deal of caution.

As reported on July 20 pre-tax profits for the year to March 31, 1977, rose from £1.71m. to £2.13m. The dividend is lifted to 4.18p (3.8p) with a final of 2.58p.

Mr. Jones says that despite a considerable increase in turnover from £15.11m. to £21.05m. most areas of the business were affected by working at well under capacity and margins were under continuous pressure. There are no indications of a significant improvement and the company must therefore continue to look to increasing its internal efficiency in order to enhance short term profitability.

Subsidiaries in the textile division made a greater contribution to profits despite losses in the overseas companies. The company is making a large capital investment at Wykes of Leicester, to be completed during the current year.

There were disappointing results from the electrical division, largely due to heavy losses in the Irish subsidiaries. Mica and Micanite (Ireland) and Mallow Industries, both of which have been sold for a total consideration of £60,000. Also, the chairman says, the company's interest in Dimec, a Canadian company, has been written off.

Future capital expenditure comes to £795,156 (£457,122). There was an increase in bank borrowings of £726,095 (£222,159 decrease).

Meeting, Nottingham, October 13, at noon.

Lift for Saville Gordon

ON SALES up £9.66m. to £25.27m. metal merchants, processors and engineer's merchants J. Saville Gordon Group improved taxable profit from £867,884 to £924,018 for the year to April 30, 1977.

At half-time, when profit was £451,836, against £390,864, Mr. J. D. Saville, the chairman, said fluctuating metal and commodity prices and pressure on sterling had meant that market conditions for the metal trading and processing companies had been difficult.

Earnings per 10p share are shown at 4p (3.77p adjusted for scrip issue) and the net total dividend is raised to the maximum permitted 1.4549p (1.3081p equivalent) with a final of 1.0549p.

Abrasives cuts borrowings

The chairman of Abrasives International, the company where a row between two members of the Ashforth family has led to the convening of an EGM on Sept. 22, has again written to shareholders. At the meeting Mr. C. T. Ashworth and Mr. T. Robinson will propose the removal of all the existing Board and the appointment of new directors.

The letter reveals that Abrasives is selling its freehold property at High Street, Henley-on-Arden, for a price in excess of book value, and that the proceeds will be applied to reduce bank borrowings.

The chairman, Mr. S. I. Ashworth, also says that two of the trustees of Mr. C. T. Ashworth's children's trust, representing 20 per cent. of the equity, have not already pledged their votes in favour of the removal of the Board.

Furthermore, the company has been advised that: the forms of proxy sent out by Mr. C. T. Ashworth on July 27 are invalid as they do not provide an opportunity for shareholders to vote separately on each resolution; and resolutions numbered 5, 6, 7 and 8 cannot be put to the meeting because the notices required have not been received by the company.

Over £1m. by Staffs. Potteries

AFTER RISING from £215,000 to £317,000 in the first half, pre-tax profits of Staffordshire Potteries (Holdings) finished the year to June 30, 1977, ahead from £702,000 to £1,056,000. Sales expanded from £7.44m. to £9.6m.

Earnings are shown at 20.46p (10.03p adjusted for scrip issue) per 25p share or 19.85p (8.4p) fully diluted. The dividend total is effectively lifted from 3.166p to 3.537p net with a final of 2.387p.

	1976-77 £000	1975-76 £000
Sales	9.595	7.441
Profit before tax	1,056	702
Tax	165	179
Deferred tax	—	182
Net profit	891	341
To minorities	1	43
Attributable	890	298
Dividends	154	111
Retained	736	187

No provision has been made for deferred tax which derives from accelerated capital allowances and from stock appreciation relief. The directors say the provision at June 30, 1976, is adequate, for the foreseeable future.

Minority interests reflect the acquisition on July 1, 1976, of 6,858 shares in Staffordshire Potteries (Canada), thus increasing the group's participation to 88.72 per cent.

Sales for the current year to date are satisfactory and the capital expenditure programme is continuing according to schedule, members are told.

Williams Hudson upturn

On turnover up from £81.51m. to £108.38m. Williams Hudson Group reports a turnround from a loss of £1m. to a pre-tax profit of £3.02m.

There was a tax charge of £1.1m. (£0.76m. credit) and after this and minorities the net profit was £1.83m. compared with a loss of £0.23m. Basic earnings for the year were 16p (2.1p loss) and fully diluted 14.7p.

Pre-tax profit includes a surplus resulting from disposal of ships amounting to £3,512,604 less provisions against property values of £700,663. The company has followed the proposed recommendations of the accounting standards committee as outlined in ED19 in its treatment of deferred tax.

The subsidiary company Williams Hudson announced taxable profits up from £1.86m. to £4.03m., including a £3.51m. surplus on the disposal of ships.

L. Newmark resources adequate

In the field of finance, the resources available to Louis Newmark are adequate to support the planned turnover, for the foreseeable future, says the chairman, Mr. Geoffrey Newmark, in his annual statement.

As reported on August 26, pre-tax profits for the year to April 2, 1977, increased from £1.62m. to £1.84m. and the dividend is lifted to 6.0223p (5.4194p) net.

At the year-end, there was a bank overdraft of £582,293 (nil).

Statement Page 29

FT SHARE SERVICE

The following securities have been added to the Share Information Service appearing in the Financial Times:—

African Lakes A (Section: Overseas Traders).

City Hotels (Section: Hotels).

Coseka Resources (Section: Overseas—Canada).

LASMO Ordinary (Section: Oils).

Young and Company's Brewery A (Section: Beers).

FRIEDLAND DOGGART

Group profit of Friedland Doggart rose from £734,000 to £827,000 for the 24 weeks ended June 19, 1977. On September 15, the figure was inadvertently reported as £872,000.

A. Walker incurs £0.5m. loss

DUE TO INCREASES in building costs and an inability to recoup this in higher house selling prices, Alfred Walker and Sons incurred a £0.5m. pre-tax loss for the 16 months to April 30, 1977, compared with a profit of £0.25m. for the previous year. This is reflected in a loss of 12.8p per 10p share against 2.63p earnings and no dividend against 1.75p net.

Mr. Raymond Walker, the chairman, explains that in view of the relationship between historical land value, building costs and house prices currently available, the value of the land stock was written down by £583,000 and after this adjustment it should be possible for the house building side to operate at a profitable level.

Also, he adds that there are indications of an improvement in the offing. House prices are rising slightly though it will need a considerable rise if the country is to retain a viable house building industry. With the reduced asset base of the group borrowing capacity is correspondingly reduced and this must be reflected in a diminished scale of house building at which level current stocks are adequate.

	16 months 1976/77	Year 1975
Turnover	[illegible]	[illegible]
Trading loss	[illegible]	[illegible]
Net rental inc.	[illegible]	[illegible]
Rents receivable	[illegible]	[illegible]
Interest received	[illegible]	[illegible]
Directors' emols.	[illegible]	[illegible]
Pension former director	[illegible]	[illegible]
Auditors	[illegible]	[illegible]
Depreciation	[illegible]	[illegible]
Loss fixed assets sale	[illegible]	[illegible]
Bank interest	[illegible]	[illegible]
Interest	[illegible]	[illegible]
Exceptional debits	[illegible]	[illegible]
Loss before tax	[illegible]	[illegible]
Tax credit	[illegible]	[illegible]
Net loss	[illegible]	[illegible]
Minorities	[illegible]	[illegible]
to non-dist. reserves	[illegible]	[illegible]
Extraordinary credit	[illegible]	[illegible]
Attributable loss	[illegible]	[illegible]
Dividend	[illegible]	[illegible]
From reserves	[illegible]	[illegible]

* Profit. † Credits. †† Debit. ‡ Reserves.

Meeting, Colehill, October 14, at noon.

JONAS WOODHEAD

A further 25,118 Ordinary shares have been issued by Jonas Woodhead and Sons in connection with the acquisition of Shaft Hydraulics: this completes the consideration payable.

REPORTS TO MEETINGS

Hogg Robinson off to a good start

Shareholders in Hogg Robinson Group were told at the AGM by Mr. Morris Abbott, the chairman and chief executive, that "the year had got off to a good start and income was up quite noticeably, as compared with last year at this time. Expenses inevitably had increased but they were being contained and, for the present, were comfortably inside budgeted figures.

Mr. Abbott said that he believed the company will have a good year provided no unforeseen adverse circumstances arose and that holders would be happy with the results produced.

At the AGM of Arana Group Sir Julian Hodge, chairman, said the group continued to forge ahead despite the unseasonal summer months and before the start of this year's very large Christmas programme, a sales progress of some 30 per cent had been achieved over the corresponding period of last year. This was particularly encouraging when it was noted that full benefit to production efficiencies of the heavy capital spending of the last two years was yet to be exploited.

It was becoming clear that, subject to unforeseen circumstances, this year would see not just a continuation of recent progress, but an acceleration of growth based on the programme of capital investment and product innovation.

At the RFD Group AGM Mr. D. R. B. Mynors, chairman, remarked that "so far, trading as a whole was satisfactory but he found it unusually difficult this year to form a clear idea of the results likely to be achieved, mainly because of uncertainties in the timing of contract placing by U.K. and foreign Governments, and the uncertainty about the levels of costs which would have to be faced following the end of wages control. He still expected to see some progress during the year.

Even if he could not hold out the prospect of 50 per cent compound increase in earnings per share continuing indefinitely, the Board did intend, as soon as circumstances permit, to take action to increase dividends to a more normal relationship to profit.

Mr. H. R. Scott, chairman of Econa, told the AGM that results so far this year were "patchy" and individual companies had fared—some better—some not so well.

Mr. Scott assured shareholders that it was the directors' intention to increase dividends substantially as soon as they were permitted and they would use any channel open to them to achieve this.

Mr. Derrick Cowan, chairman of Cowan de Groot, said at the AGM that during the first four months of the current year, sales were 25 per cent ahead of the same period last year. Arrangements to secure long-term finance were currently under way.

Despite adverse external factors, the group had progressed well over recent years, and he expected this progress to continue in the future at an accelerated pace.

SIMCO MONEY FUNDS
(Saturn Investment Management Co. Ltd.)

Rates for deposits of £1,000 and upwards for w/e 18.9.77

	% p.a.
7-day Fund	
Mon.	6.412
Tues.	6.258
Wed.	6.291
Thur.	6.262
Fri./Sun.	6.186
3-Month Fund	
Wed.	5.375

BIDS AND DEALS

Wilmot Breeden sta... in 'friendly hands'

It has been confirmed that Dr. Dan McDonald, former head of the BSR record-changer group, has sold his entire personal stake of 9.5 per cent. in engineers Wilmot Breeden (Holdings).

The disposal follows recent market speculation that a bid for the Birmingham-based company was imminent. The name most frequently mentioned as a possible bidder has been Associated Engineering. But Mr. Anthony Beaumont-Dark, a partner in the stockbroking firm of Smith Keen Cutler, and an adviser to Dr. McDonald, said yesterday that the bulk of the block had gone to one "friendly" buyer and that Associated was not the purchaser.

Approximately 500,000 shares of the holding were sold through the market during last week and the remaining 1.6m. were placed by brokers de Zoete and Bevan—joint brokers with Smith Keen Cutler to BSR. Mr. Beaumont-Dark said yesterday that his firm is "delighted that the shares have gone into the hands that the company looks upon as friendly. It is a very satisfactory exercise for everyone."

The placing price of 37½p a share compares with an average purchase price of around 40p, which suggests a profit to Dr. McDonald—who now lives in retirement in Switzerland—of £940,000, based on his entire holding of 1,975,000 shares.

The link-up will allow ... manufacturer of soft g... even out the seasonal fl... in its business which ha... it to reduce its work... past. Financial details ... available.

DEGUSSA TO ... OVER BRITISH ... AGENT

As from October 1... the Frankfurt-based ... chemicals group, is ta... its British general ag... Beach and Segner Ba... terms were not reveal...

The West German gro... recorded a turnover ... DM4.25bn. (£1.05bn.)... is also acquiring the ... jointly held ... subsidiary, Degussa ... Beach Engineering ... manufacturer of tempe... flow sensors. A major ... direct contact with ... operation will follow ... overs.

According to ... ment, the group's exist... subsidiary, Degussa ... over the U.K. sales of ... chemicals products fro... 1. This, it said, was ... the increasing signi... those of the group its ... be continued by Bush ... Segner Bayley. Sales ... products for industrial ... techniques, the electron... try and other sectors ... carried out under the ... Bush Beach Engineering ... sidiaries of Degussa.

IMPERIAL GROUP

It is reported from Utrecht that the Imperial Group plans to acquire Baak Nederland from W. R. Grace and Co. of New York.

LOCAL AUTHORITY BOND TA...

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum
Alyn and Deeside (0244 531212)	11	½-year	100
Elmbridge (98 23844)	10½	½-year	1,000
Liverpool (051 227 3911)	8½	½-year	500
Liverpool (051 227 3911)	10½	½-year	500
Redbridge (01-478 3020)	10	½-year	200
Thurrock (0375 5122)	10	½-year	300
Thurrock (0375 5122)	10½	½-year	300

SHARNA WARE LIMITED

Interim Statement

The unaudited results for the half year ended 30th June 1977 with comparative figures were:—

6 months ended 30th June	1977 £	1976 £
Turnover	4,449,303	3,659,898
Profits after all expenses but before taxation	84,567	69,814
Less estimated corporation tax 52%	43,975	36,303
Nett	40,592	33,511

The Board have declared an Interim Dividend of 0.99p nett per share which will be paid on the 28th October 1977 to all shareholders registered at the close of business on the 30th September 1977.

Group sales continue to show a satisfactory increase and the prospects for the year are encouraging.

SYDNEY ORCHANT, *Chairman.*

FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£25,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received no later than 23.9.77

Terms (years)	3	4	5	6	7	8	9	10
Interest %	10	10½	10¾	11	11¼	11½	11¾	12

Rates for larger amounts on request. Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Road, London SE1 8XP (01-928 7822, Ext. 177). Cheques payable to "Bank of England a/c FFI". FFI is the holding company for ICFC and FCI.

Wilmot Br... ...ding dividends in 'friendl...' ...etable

...convenience of readers the dates when some of the ...ant company dividend statements may be expected in ...w weeks are given in the following table. The dates ...hose of last year's announcements, except where the Board meetings (indicated thus*) have been officially ...It should be emphasised that the dividends to be ...l not necessarily be at the amounts or rates per cent. ...column headed "Announcement last year." Preliminary ...usually accompany final dividend announcements.

Date	Announcement last year		Date	Announcement last year
[illegible]	[illegible]	Gestetner Warehouses	Oct. 6	Int.—
[illegible]	[illegible]	Harris and Sheldon	Sept. 22	Int. 1.385
[illegible]	[illegible]	*Kleinwort Benson	Sept. 29	Int. 1.21
[illegible]	[illegible]	*Highland Distilleries	Oct. 24	Final 2.77
[illegible]	[illegible]	*Laing (John)	Sept. 29	Int. 0.7
[illegible]	[illegible]	*Law Land	Sept. 29	Int. 1
[illegible]	[illegible]	Lesney Prods.	Oct. 11	Int. 0.84
[illegible]	[illegible]	Pearson (S.)	Oct. 6	Int. 2.76
[illegible]	[illegible]	P. & O. Defd.	Oct. 6	Int. 2.5
[illegible]	[illegible]	*Prudential Assurance	Sept. 29	Int.—
[illegible]	[illegible]	*Ransomes Sims and Jefferies	Sept. 22	Int. 2.3
[illegible]	[illegible]	*Rio Tinto-Zinc	Sept. 21	Int. 3.58
[illegible]	[illegible]	Rowntree Mackintosh	Sept. 21	Int. 5
[illegible]	[illegible]	Ruberoid	Oct. 5	Int. 0.7
[illegible]	[illegible]	Rugby Portland Cement	Oct. 5	Int. 1.496
[illegible]	[illegible]	Scottish Met. Prop.	Sept. 29	Final 0.94
[illegible]	[illegible]	*Sime Darby	Sept. 27	Final 1.75
[illegible]	[illegible]	*Simon Engng.	Sept. 27	Int. 2.4
[illegible]	[illegible]	Smurfit (Jefferson)	Oct. 4	Int. 2.475
[illegible]	[illegible]	Thomson Org.	Oct. 5	Int. 2.81
[illegible]	[illegible]	*Tricentrol	Sept. 19	Int. 0.825
[illegible]	[illegible]	Triplevest	Oct. 6	Int. 2.64
[illegible]	[illegible]	*United Biscuits	Sept. 21	Int. 1.5354
[illegible]	[illegible]	*Vickers	Sept. 22	Int. 3.5
[illegible]	[illegible]	*Wiggins	Sept. 29	Int. 1.875
[illegible]	[illegible]	Wilmot Breeden	Oct. 6	Int. 1

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

LOCAL AUTHO...

...ic Works Loan Board rates

...ota loans B are 1 per cent. higher in each case than non-... † Equal instalments of principal. ‡ Equal repayments. Effective from September 10.

	Quota loans repaid by EP†	by ERI‡	at maturity	Non-quota loans A* repaid by EP†	by ERI‡	at maturity
	9	9¼	9½	11⅛	11¼	11½
...o 10	9½	10⅛	12⅛	11¼	11⅞	12½
...o 15	11⅛	12⅛	12⅝	12⅛	12⅝	13⅛
...o 25	12⅛	12	13⅛	13⅛	13⅛	13⅛
	12¼	12½	13¼	13½	13⅝	13¾

...ENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price	+ or −	Div.	Times covered	Gross Yield	P/E Ratio
...18			400	367	BP (ELA's) £3pd	385	−18	u11.77	1.4	3.3	22.2
			31	24	Riley (E.J.) (10p)	24	−1	F2.5	—	1.6	—

Thoma... Lim...

FIXED INTEREST STOCKS

Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price	+ or −
[illegible]	[illegible]	[illegible]	Barclays O'seas 8¼% 1992	[illegible]	
[illegible]	[illegible]	[illegible]	Beecham Fin. 6½% Cnv. 1992	[illegible]	
[illegible]	[illegible]	[illegible]	Burnley 13% Red. 1987	[illegible]	
[illegible]	[illegible]	[illegible]	Cambridge Water 8½% Red. 1982	[illegible]	
[illegible]	[illegible]	[illegible]	Cavenham 10% Cum. Pref.	[illegible]	
[illegible]	[illegible]	[illegible]	City of Bristol 12% Red. 1985	[illegible]	
[illegible]	[illegible]	[illegible]	Do. Variable Rate 1982	[illegible]	
[illegible]	[illegible]	[illegible]	Colne Valley Water 8% Red. Pref. '82	[illegible]	
[illegible]	[illegible]	[illegible]	Dudley (Met. Borough) Float Rate 1982	[illegible]	
[illegible]	[illegible]	[illegible]	Findborn Finance 6¼% Ln. 88/91	[illegible]	
[illegible]	[illegible]	[illegible]	Do. 11¼% Ln. 1985	[illegible]	
[illegible]	[illegible]	[illegible]	Pisons Intl. N/V 6¼% 1992	[illegible]	
[illegible]	[illegible]	[illegible]	I.C.I. Int. Fin. 8¼% Bds. '87	[illegible]	
[illegible]	[illegible]	[illegible]	J.T. Japan 8¼% Conv. '87	[illegible]	
[illegible]	[illegible]	[illegible]	Islington (Corp. of) 12¼% Red. 1985-4	[illegible]	
[illegible]	[illegible]	[illegible]	Do. 12¼% Red. 1986-7	[illegible]	
[illegible]	[illegible]	[illegible]	Liverpool (City of) 13% 1985	[illegible]	
[illegible]	[illegible]	[illegible]	Nat. Coal Bd. 8¼% Bds. '87	[illegible]	
[illegible]	[illegible]	[illegible]	Oldham (Met. Borough) Float Rate 1982	[illegible]	
[illegible]	[illegible]	[illegible]	Renwick 10% Conv. Pref.	[illegible]	
[illegible]	[illegible]	[illegible]	Sandwell (Met. Borough) 12% Red. Stk. 1985	[illegible]	
[illegible]	[illegible]	[illegible]	Selection Trust 8¼% 1989	[illegible]	
[illegible]	[illegible]	[illegible]	Single 12¼% Red. Cum. Pref.	[illegible]	
[illegible]	[illegible]	[illegible]	Do. 10% Conv. Uns. Ln. 1984	[illegible]	
[illegible]	[illegible]	[illegible]	Sunderland 12¼% Red. '84	[illegible]	
[illegible]	[illegible]	[illegible]	Swire (John) 6¼% Pref.	[illegible]	

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	BOC Intl.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bank of Montreal	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	British Sugar	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fitch Lovell	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Ladbroke	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Powell Duffryn	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Rotaflex	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Sheepbridge Eng.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Tube Invs.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Wadham Stringer	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Ward White 10¼% Cnv. Pri.	[illegible]	

...n date usually last day for dealing free of stamp duty. ... Figures based on prospectus estimate. ... Dividend rate paid or payable on part of capital; cover based on dividend on full capital. ... Forecast dividend; cover based on previous year's earnings. ... Assumed dividend and yield. ... Issued by tender. ... Offered to holders of ordinary shares as a "rights." ... Issued by way of capitalisation. ... Reintroduced. ... Issued in connection with reorganisation, merger or take-over. ... Introduction. ... Issued to former preference holders. ... Allotment letters (or fully-paid). ... Provisional or partly-paid allotment letters. ... With warrants. ... After suspension.

BASE LENDING RATES

- ... Bank 7 %
- ...rish Banks Ltd. 7 %
- ...n Express Bk. 7 %
- ...ank 7 %
- ...nk Ltd. 7 %
- Ansbacher 7 %
- ...le Bilbao 7 %
- ...Credit & Cmce. 7 %
- ...Cyprus 7 %
- ...N.S.W. 7 %
- ...Belge Ltd. 7 %
- ...du Rhone S.A. 7½ %
- ... Bank 7 %
- ...Christie Ltd. 8½ %
- ...Holdings Ltd. 9 %
- ...nk of Mid. East 7 %
- ...Shipley 7 %
- ...Permanent AFI 7 %
- ...C & C Fin. Ltd. 9 %
- ...Ltd. 7½ %
- ...Holdings 9 %
- ...house Japhet 7 %
- ...oates 7 %
- ...lated Credits 7 %
- ...ative Bank *7 %
- ...ian Securities 7 %
- ...yonnais 7 %
- ...Lawrie 7 %
- ...rust 7 %
- ...Transcont. 7 %
- ...ondon Secs. 7 %
- ...at. Fin. Corpn. 9 %
- ...at. Secs. Ltd. 9 %
- ...Gibbs 7 %
- ...Durrant Trust 7 %
- ...nd Guaranty 7 %
- ...ys Bank *7 %
- ...s Mahon 7 %
- ...s Bank †7 %
- ...mnel 7 %
- C. Hoare & Co. †7 %
- Julian S. Hodge 8 %
- Hongkong & Shanghai 7 %
- Industrial Bk. of Scot. 8 %
- Keyser Ullmann 8 %
- Knowsley & Co. Ltd. 9½ %
- Lloyds Bank 7 %
- London & European 8 %
- London Mercantile 7 %
- Midland Bank 7 %
- ■ Samuel Montagu 7 %
- ■ Morgan Grenfell 7 %
- National Westminster 7 %
- Norwich General Trust 7 %
- P. S. Refson & Co. 7 %
- Rossminster Accept'cs 7 %
- Royal Bk. Canada Trust 7 %
- Schlesinger Limited 7 %
- E. S. Schwab 9½ %
- Security Trust Co. Ltd. 8 %
- Shenley Trust 9½ %
- Standard Chartered 7 %
- Trade Dev. Bank 7 %
- Trustee Savings Bank 7 %
- Twentieth Century Bk. 8½ %
- United Bank of Kuwait 7 %
- Whiteaway Laidlaw 7½ %
- Williams & Glyn's 7 %
- Yorkshire Bank 7 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%, 1-month deposits 3½%.
† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 4% and over £25,000 4½%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 4%.
¶ Rate also applies to Sterling Ind. Secs.

INTERNATIONAL COMPANY NEWS

Sharp rise at Sun Hung Kai

BY DANIEL NELSON

HONG KONG, Sept. 18.

SUN HUNG KAI Properties recorded a strong second-half performance to achieve a consolidated net profit of HK$133.79m. (£16.5m.) for the year ended June 30, comfortably fulfilling the forecast by chairman Kwok Tak-Seng that the profit for the year would show an improvement over the previous year's HK$89.97m.

At the half-way stage a 22 per cent. profit increase to HK$39m. was achieved with an interim dividend of 14c. The final dividend is 23c. (22c.), making a total of 37c. (35c.).

The figures confirm the company's optimism about the performance of the property market and reflect its expansion policy which in March resulted in the acquisition of over 300,000 square feet of land on Tsing Yi Island for HK$64.5m. This site will be developed into an industrial estate with 4.5m. square feet of floor space.

Other developments during the year include the acquisition of all the shares of Luen Hing Shing Development for HK$73.75m. and the outstanding shares of Nationwide Realty and Enterprises for HK$12.24m.

As well as reaping the benefits of the purchase of a large number of good sites at the beginning of 1975 before the subsequent rise in land prices, the company has also been building up its rental income, now worth well over HK$10m. a year, and expanding its activity in instalment loans, thus stimulating the sale of flats and providing a long-term return of interest on capital.

Leutwiler sees need for curb

By John Wicks

ZURICH, Sept. 18.

FOREIGN business of the Swiss banking system must be kept from growing at an excessive rate, National Bank president Dr. Fritz Leutwiler said in Zurich. Addressing the Swiss Commercial and Industrial Association, Dr. Leutwiler said some banks would have to drop what he called exaggerated growth-mindedness and pay more attention to criteria of quality. This applied also to domestic expansion, Switzerland now being "amply covered" with 4,700 bank branches.

Pronounced growth-consciousness on the part of Swiss banking — sometimes aimed at expansion at any price — had set the scene for affairs like that involving the Chiasso branch of Credit Suisse. He stressed that apart from the Chiasso case, in which Sw.Frs.2.17bn. of clients' funds were misdirected to a Liechtenstein letter-box company, similar cases had occurred on earlier occasions against the same background of a striving for growth. While these other affairs were less serious than Chiasso, they had led to substantial losses in such fields as foreign-exchange trading.

"Even before Chiasso," he added, "there was no doubt that Switzerland did not enjoy the best reputation abroad as an international finance centre." Dr. Leutwiler claimed that the admission of foreign-controlled banks had in past years been too liberal and said that in general the conditions for setting up a bank in Switzerland could be considered too modest. This did not mean that it had primarily been foreign or small banks which had harmed the country's reputation.

There were definitely some black sheep among the more than 500 banks domiciled in Switzerland. These damaged the good name of Switzerland permanently by the nature of the business and not just by individual scandals.

Matsushita Elec. Indus. raising capital

MATSUSHITA ELECTRIC Industrial Company is to issue 50m. shares of new common stock for public sale in the period to November 20, and to make a free share issue of one share for every ten held by November 20 next year, AP-DJ reports from Tokyo.

The new share offering will be underwritten by Yamaichi Securities Company, Nomura Securities Company, Nikko Securities Company, Daiwa Securities Company and National Securities Company.

The offering of par of Y.50 per share will raise the company's capital by Y.2.5bn. to Y.52.893bn. The outstanding number of shares will total 1.058bn. by the closing date on November 20.

Details and terms of issue will be decided later, a company spokesman said. The proceeds will be used to fund requirements in future that may arise and for expansion, he said.

The free share issue will be made some time before November 20, 1978, but no firm date has been decided.

Overseas, Matsushita is listed on the New York and Pacific exchanges in the U.S., and on the Amsterdam, Dusseldorf, Frankfurt, Hong Kong and Paris stock exchanges.

Matsushita's shares closed Friday on the Tokyo Stock Exchange at Y.635, up Y.3 from Wednesday.

Money and Exchanges

Bank of England Minimum Lending Rate 6 per cent. (since September 16, 1977)

Once again attention seemed to focus round the continuing fall in interest rates in last week's London money market. The authorities waited until Wednesday before making any signal to the market and the seven day loan at MLR to four or five houses, which alleviated a shortage of day-to-day credit, carried the message of an official desire to see moderation in the fall of interest rates. This left the market in some doubt as to whether this should have been interpreted as a temporary halt in the easier trend, or moderation in any fall in MLR. However by Thursday, discount houses buying rates for three-month Treasury bills had fallen to 5⅝ per cent. thus indicating a fall of at least ½ per cent. in MLR under the normal market related formula.

An oversubscription on Thursday by around three times of the new Treasury tap stock left funds somewhat short, and the Bank took advantage of the situation to underline its previous day's message with further seven day loans. Credit for most of the week appeared in short supply and the authorities were required to buy varying numbers of Treasury bills and local authority bills as well as overnight lending.

At the weekly Treasury bill tender, the average rate of discount fell by 0.4782 per cent. to 5.4618 per cent. and as a consequence, Minimum Lending Rate fell to its lowest ever level of 6 per cent. from 6½ per cent. the previous week. There was no official intervention on Friday, one of the more notable factors in the market's favour being the huge repayment by the authorities of excess applications for the new tap stock.

Sterling turned in one of the most encouraging performances for some time. Encouraged by further indications of a slowing down in the rate of inflation and on-target money supply figures, the pound received heavy intervention by the Bank of England in order to maintain its artificially low level. Even so, the Bank's calculation of its average index rose to its best level of 62.5 on Wednesday before easing back to 62.4 on Friday, an improvement of 0.1 on the previous week.

The announcement on Friday of the Retail Price Index gave little new impetus to the market and the level of business fell away towards the end of the week. Nevertheless, there was still a good demand for sterling, and against the dollar it finished at $1.7426-1.7430, a gain of just one point.

Forward sterling reflected upward pressure on the spot rate and during the latter part of the week all periods up to and including 12-month showed a premium against the dollar, the first time since 1971.

The U.S. dollar recorded mixed fortunes, being mainly influenced by interest rates and longer term U.S. monetary policy. Morgan Guaranty's calculation of its trade weighted average depreciation showed a narrowing to 0.35 per cent. from 0.64 per cent. the previous week. In terms of the West German mark it finished at DM2.3270 from DM2.3245. Gold spent a predominantly quiet week and closed $½ an ounce up at $148-148½.

Sept. 16 1977	Sterling Certificate of deposits	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House Deposit	Company Deposits	Discount market deposits	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	6-6½	—	—	—	6¾	5¾-6½	—	—	—
2 days notice	—	—	6	—	—	—	—	—	—	—
7 days or 7 days notice	—	6-6⅛	6-6⅛	—	6-6¼	6½-6¾	5¾-6¼	—	—	—
One month	5 11/16-5 13/16	5 13/16-5 15/16	5⅞-6	6¾-6½	6-6¼	6½	5½	5⅝-5 11/16	5¾-5 13/16	6½
Two months	5 13/16-5 15/16	5¾-5⅞	—	6⅜-6⅛	6-6¼	—	5 9/16	5 9/16	5 21/32-5 13/16	6½
Three months	5¾-5⅞	5 11/16-5 13/16	5¾-5⅞	6⅜-6⅛	6-6¼	—	5⅝	5 21/32	5 9/16-5⅝	6½
Six months	5 13/16-5¾	5⅞-6	6-6⅛	6⅜-6⅛	6⅜-6½	—	—	—	5 17/32-5⅝	6¾
Nine months	6⅛-6	6-6⅛	—	6½-6¼	6⅝	—	—	—	—	—
One year	6 3/16-6⅛	6⅛-6¼	6⅜-6½	6⅝-6⅜	6¾	—	—	—	—	—
Two years	—	—	7½	—	—	—	—	—	—	—

Local authorities and finance houses seven days notice, others seven days fixed. * Longer-term local authority mortgage rates nominally three years 9-9¼ per cent.; four years 10-10¼ per cent.; five years 10¼ per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 5 9/16-5½ per cent.; four-month trade bills 6½ per cent.

Approximate selling rate for one-month Treasury bills 5½-5 11/32 per cent.; two-month 5½-5 15/32 per cent.; and three-month 5 15/32 per cent. Approximate selling rate for one-month bank bills 5⅝-5 11/16 per cent.; two-month 5 17/32-5 9/16 per cent.; and three-month 5½ per cent.; one-month trade bills 6½ per cent.; two-month 6½ per cent.; and also three-month 6¼ per cent.

Finance House Base Rate (published by the Finance Houses Association) 7½ per cent. from September 1, 1977. **Clearing Bank Deposit Rates** for small sums at seven days' notice 3 per cent. **Clearing Bank Base Rates** for lending 7 per cent. **Treasury Bills:** Average tender rates of discount 5.4618 per cent.

FOREIGN EXCHANGES

Sept. 16	Bank Rates %	Market Rates Day's Spread	Close
New York	5¾	1.7425-1.7440	1.7426-1.7450
Montreal	7½	1.8785-1.8725	1.8715-1.8725
Amsterdam	3½	4.28½-4.31	4.29½-4.30½
Brussels‡	8	62.45-62.65	62.50-62.60
Copenh'gen	9	10.76-10.79	10.77½-10.78½
Frankfurt	3½	4.05-4.07½	4.05½-4.06½
Lisbon	8	70.46-70.85	70.50-70.70
Madrid	8	147.30-147.80	147.35-147.50
Milan	11½	1,541-1,542½	1,540½-1,541½
Oslo	6	9.54½-9.61½	9.56-9.57
Paris	9½	8.58-8.61	8.59-8.60
Stockholm	8	8.46-8.47	8.46½-8.48
Tokyo	4¼	462-470	466½-467½
Vienna	5½	28.77-28.82	28.80-28.90
Zurich	1½	4.14½-4.17	4.15½-4.16½

‡ Rates given are for convertible francs. Financial franc 62.45-62.65.

OTHER MARKETS

		Notes	Rate
Argentina	790.35-798.55	Argentina	800-900
Australia	1.5722-1.5879	Austria	28-28½
Brazil	25.89-26.19	Belgium	61⅛-63
Finland	7.26-7.27	Brazil	50-54
Greece	63.186-64.770	Canada	1.862-.888
Hong Kong	8.1250-8.1400	Denmark	10.55-10.8
Iran	121-125	France	8.50-8.60
Kuwait	0.495-0.505	Germany	3.95-4.10
Luxemb'g	62.50-62.60	Greece	61½-63
Malaysia	4.2785-4.2985	Italy	1510-1540
N. Zealand	1.7895-1.8075	Japan	460-480
Saudi Arab	6.08-6.18	Netherl'nd	4.20-4.30
Singapore	4.2550-4.2650	Norway	9.40-9.55
S. Africa	1.5101-1.5221	Portugal	70-80
U.S.		Spain	144-149
Canada		Switz'land	4.10-4.25
OSI		U.S.	1.73½-.75½
U.S. cents	85.08-85.11	Yugoslavia	34½-36½

Rate given for Argentina is free rate.

GOLD MARKET

	Sept. 16	Sept. 15
Gold Bullion (a fine ounce)		
Close	$148-148¾	$147½-148¼
Opening	$147¾-148½	$147¾-148½
Morning fix'g	$147.95 (£84.873)	$147.56 (£84.781)
Aftern'n fix'g	$148.30 (£85.069)	$147.90 (£84.815)
Gold Coins... domestically		
Krugerrand	$152½-154½ (£87½-88½)	$152½-154½ (£87½-88½)
N'w Sovr'gns	$47¾-49¾ (£27½-28½)	$47¾-49¾ (£27½-28½)
Old Sov'r'gns	$43½-45½ (£25-26)	$43½-45½ (£25-26)
Gold Coins... (internat'lly)		
Krugerrand	$152½-154½ (£87½-88½)	$152½-154½ (£87½-88½)
N'w Sovr'gns	$47¾-49¾ (£27½-28½)	$47¾-49¾ (£27½-28½)
Old Sov'r'gns	$44-46 (£25¼-26¼)	$44-46 (£25¼-26¼)
$20 Eagles	$216¾-219¾	$216½-219½

EXCHANGE CROSS-RATES

Sept. 16	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.326-327	47.12-22	6.49-50	4.062-068	94.40-46	97.57-67
New York	42.95-98	—	20.26-27	2.786-789	1.7426-429	40.55-57	41.95 97
Paris	211.75-.25	4.924-936	—	13.732-766	8.5345 6045	199.92-.42	206.66-16
Brussels	15.40-44	35.85-68	7.36-39	—	62.45-57	14.64-68	16.03-07
London	4.06½-06½	1.7428-30	8.59½-60½	62.50-60	—	4.29½-30½	4.15½-16½
Amst'dam	106.92-97	2.4627-52	49.97-.02	6.8705-55	4.2955-85	—	103.415-465
Zurich	102.42-48	2.3833-45	48.29-32	6.6375 6450	4.1538-67	96.75-82	—

*U.S. $ in Montreal U.S. $=107.44-43 Canadian Cents. Canadian $ in New York $=93.06-08 U.S. cents. U.S. $ in Milan 883.75-85. Sterling in Milan 1540.75-1541.00.

FORWARD RATES

	One month	Three months
New York	0.02-0.12 c dis	0.15-0.25 c. dis
Montreal	0.14-0.24 c dis	0.45-0.55 c. dis
Amst'dam	1 c. pm-par	2-1 c. pm
Brussels	5 c. pm-5 c dis	10 c. pm-par
Cop'ngn	7½-9½ ore dis	21½-23½ ore dis
Frankfurt	1⅛-⅛ pf pm	2⅝-1⅝ pf. pm
Lisbon	70-210 c. dis	200-350 c. dis
Madrid	85-145 c. dis	285-375 c. dis
Milan	9-15 lire dis	30-37 lire dis
Oslo	2½-4½ ore dis	9½-11½ ore dis
Paris	2-3 c. dis	7½-8½ c. dis
Stockh'lm	4-6 ore dis	11½-13½ ore dis
Vienna	6-16 gro dis	26-36 gro dis
Zurich	1½-½ c. pm	4-3 c. pm

Six-month forward dollar 0.13-0.23c dis., 12-month 0.05c pm-0.05c dis.

EURO-CURRENCY INTEREST RATES*

Sept. 16	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss franc	W. German mark
†Short term	5¾-6	6⅛-6⅜	6-7	4¼-4½	1⅞-2	3⅞-4
7 days notice	5⅞-6⅛	6⅛-6⅜	6½-7⅛	4¼-4½	1¾-2	3⅞-4
Month	6-6¼	6¼-6½	7-7⅞	4⅜-4⅝	2 1/16-2 3/16	3⅞-4
Three months	6⅜-6⅝	6⅜-6⅝	7⅛-7½	4 9/16-4⅞	2⅜-2 11/16	3⅞-4
Six months	6¾-7	6¾-7	7⅜-7¾	4⅞-5⅛	3⅛-3¼	4-4⅛
One year	7-7¼	6⅝-6⅞	7½-7⅞	5½-5⅝	3 5/16-3 7/16	4 1/16-4 3/16

Euro-French deposit rates: two-day 8½-8¾ per cent.; seven-day 8¾-8⅞ per cent.; one-month 9½-9¾ per cent.; three-month 9¾-10¼ per cent.; six-month 10⅛-10½ per cent.; one year 11⅛-11⅜ per cent.

Long-term Eurodollar deposits: two years 7⅛-7¼ per cent.; three years 7⅛-7⅝ per cent.; four years 7⅝-7⅞ per cent.; five years 7⅞-8 per cent.

The following nominal rates were quoted for London dollar certificates on deposit: one-month 6 5/16-6 7/16 per cent.; three-month 6½-6⅝ per cent.; six-month 6 9/16-6 11/16 per cent.; one-year 6⅞-6¾ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

CURRENCY RATES

	Special Drawing Rights September 16	European Unit of Account September 16
Sterling	0.665969	0.652541
U.S. dollar	1.16085	1.13767
Canadian Dlr.	1.24675	1.22110
Austria Sch.	19.2092	18.8004
Belgian franc	41.6281	40.7969
Danish kroner	7.17986	7.03390
Deutschemark	2.69990	2.64507
Dutch guilder	2.86033	2.80262
French franc	5.72259	5.60734
Italian lira	1026.08	1005.24
Japanese yen	310.179	303.503
Norway krone	6.36610	6.23329
Spain peseta	98.1615	96.1284
Swedish krona	5.63628	5.51794
Swiss franc	2.76561	2.70954

* Rate is for convertible franc. Financial franc 40.8054.

MINING NOTEBOOK

The Dillingham affair becomes a test case

BY LODESTAR

ONE MAJOR theme at last week's American Mining Congress in San Francisco was a call to lessen the restrictive and cost-inflating controls clapped by government on the mining industry so that it can get on with its vital job of providing the minerals and energy sources without which the world around us would collapse.

The anti-mining lobbies have anything up to a 10-year start on the industry in that the ultimate effect on supplies of projects that they prevent from being initiated now must necessarily be long-term, such is the prolonged gestation period for big new mines. Only then, too late, will the wrong headedness of some of their arguments become apparent.

The cost of environmental controls, in particular, must bear some relationship to practical economics and not have exaggerated inflationary effects that can cut deep swathes in the fields of mineral production.

Mines need money. The institutional investors are becoming painfully aware that the risks inherent in an industry such as mining are being compounded by ever-increasing political dangers. In the old days governments were only too happy to encourage their extractive industries. Now even those in what were formerly considered to be "safe" countries seem to go out of their way to frighten off much-needed investment.

One scandal that is now increasing to international proportions—that concerns beach-sand mining on Fraser Island off the Queensland coast to which I drew attention here on August 1. Briefly, at the end of 1974 the Labor Government gave the go-ahead to a partnership of the U.S. company Dillingham Corporation and Australia's Murphyores to secure contracts for the export of rutile and zircon concentrates from the island. In November, 1975, the Liberal Government bowed to environmentalists and rescinded that permission from the end of 1976.

Compensation

The companies naturally considered that they should be compensated for this political turn-around. Their claim, submitted in March, 1976, was for approximately $25m. (£15.5m.). So far the Government has done no more than indicate that it would be prepared to pay a nominal sum. There the matter stands.

The Dillingham affair is now reverberating far beyond Australia's shores. Even locally the Government is getting a generally bad Press. Now Murphyores' chairman Mr. William Murphy is circulating a weighty document called "Why just compensation is due." To quote one down-under comment "U.S. banks and other overseas financiers are going to be much less willing to lend to new Australian mining projects until the Dillingham affair is resolved."

The Government's attitude to compensation could "undermine the whole basis of their security in lending to Australian export of mineral ventures." This question of Government trustworthiness has particular relevance now in view of Labor's threat should they return to power to renege on any uranium export contracts allowed by the present regime.

Hardly a situation likely to encourage the provision of the huge sums needed to get the Northern Territory deposits into production! So, the Dillingham affair, important though it is, is only part of the sadly jumbled jig-saw now represented by the Australian mining scene which, otherwise, still holds such great promise. No wonder that Pancontinental have halved in price to a year's low of 625p, thus bearing out the June verdict here that it was best to remain on the sidelines in such a political gamble! The price then was £10½.

Golden glow

The gold pot still bubbles merrily. Friday night's New York price was $148.50. The latest verdict on the outlook comes in Charter Consolidated's metals analysis, a publication not noted for its optimism. So, the fact that a modest strengthening in the gold price is looked for carries all the more weight.

It is calculated that, in 1977, net speculative investment purchases of only 65 to 140 tons were required to balance the market. Only the top $10 to $15 of the recent $140—$150 price range is considered to be attributable to non-fabrication demand, with fabrication off-take representing a fairly solid foundation for the market at levels not much below $140.

So, end-year demand for jewellery may provide a platform for stronger investor-speculator interest, which may also be encouraged by further currency unrest. As to U.S. policy, the review feels that any significant increase in official sales would only be likely at prices above $160 when the authorities there might feel tempted to re-affirm their demonetisation policy although they must be aware that "gold is far from finished as an official monetary asset."

Copper hope

Finally, there comes a glimpse of long-term sunshine amid the copper market gloom from Mr. George B. Munroe, who heads America's Phelps Dodge, the country's second largest producer with an annual capacity of some 340,000 tons.

Although a few more copper-producing projects started several years ago are still to come on stream very few new ventures have been initiated in the past two or three years. Sooner or later, he points out, new mine capacity will be needed. To provide a reasonable return on the necessary investment will require much higher copper prices than to-day's—a fact which must be recognised not only by private companies, but also by the governmental and private financing agencies which control the development of new capacity in the less-developed countries.

When that time comes, Mr. Munroe concludes, companies such as Phelps Dodge, which have efficient productive facilities in place to-day, should be in an excellent position to benefit. Such sentiments should be noted by shareholders in RTZ, which is due to issue its half-year results on Wednesday. They should be good.

A 72-page analysis from brokers Laing and Cruickshank reaches the conclusion that RTZ "must rank as one of the U.K. market's outstanding genuine medium-term investment situations, offering both U.K. and international investors a unique entry into the western world's mining industry."

INSURANCE

Motor claims on the increase

BY OUR INSURANCE CORRESPONDENT

MOST insurance companies manage to publish their annual trading results near Easter, so that by mid-summer it is possible to make a general assessment of the companies' efforts for the previous year. But at Lloyd's, partly because of the number of syndicates involved and the diverse business that is written, it is not usually possible for any pronouncement to be made until the late summer. Moreover, because underwriting accounts are evaluated on a three-year basis, such pronouncements are, inevitably, more of historic interest.

Ten days ago, Lloyd's announced that its most recently closed underwriting year—1974—had produced an overall profit of £81.6m., being 8.3 per cent. of total premium income of over £1,500m. But this was a considerable downturn from 1973 when the profit was 9.2 per cent. and the actual amount £109.7m.

A sizeable proportion of Lloyd's premium income is derived from motor insurance and perhaps not surprisingly Mr. K. N. Joughin, this year's chairman of Lloyd's Motor Underwriters Association, had a deal to say about present and future underwriting prospects. Inevitably he promised that Lloyd's rates would have to go up at the beginning of next year, and he was quickly called upon to quantify his statement.

The answer was between 15 and 20 per cent., the precise amount being left to the individual syndicates, in the light of whatever authorisation might be given by the Department of Trade. A conservative figure one would think, as Lloyd's only increase their rates once a year—but we shall have to wait and see.

Of course inflation continues to be the main cause of premium rating changes both for Lloyd's underwriters and for the companies. Even though there is at present a fair degree of optimism that the general rate of inflation will continue to fall beyond the end of the year, the aspect that worries most motor insurers is that the rate of inflation in motor prices and repair costs as yet shows little sign of following that trend.

But another important factor in the rating—claims cost calculation is incidence or the number of claims underwriters have to handle per hundred policies issued. At Lloyd's—and in the company market as well—there is considerable evidence that in 1977, claims incidence has risen by up to 20 per cent. over that experienced through much of the 1974-76 period.

Claims incidence began to rise after the autumn rain set in last year and continued at a high level with the severe winter that was experienced in most parts of the country. Insurers had hoped for some reduction—even a fall back to 1955/6 levels — in the summer months but experience so far at Lloyd's and among the companies is that claims incidence remains uncomfortably high.

Many insurers reckon that the raising of speed limits in the spring has produced more accident severity. All in all, there is evidence that there will have been more road accidents this year.

On the claims front, the rapid escalation in the price of car repairs may mean that fewer motorists with "small" collision damage repairs are prepared to foot the bills themselves, and that more feel it is worthwhile lodging damage repair claims with insurers despite the possible loss of some or all of their "no claims" discounts.

In some cases, clearly it can be a better proposition for the motorist who is short of cash now to get his insurers to pay his claim to-day and so to speak pay the price in increased premium in subsequent years.

Some motor underwriters are now saying that if the number of claims does not fall and if the cost of accident damage repairs continues to rise—and in the coming 12 months there will be greater pressure from wage inflation than in the last two years—excesses may have to become compulsory and certainly the rebates that insurers allow for voluntary excesses will have to be cut.

But such underwriting action will not banish the small damage claims entirely. It will transfer some of them, or some parts of them, from the damage claims account of one insurer to another insurer's third party claims account and while in the short term there will be some saving to some insurers, ultimately no one in the market can gain much.

Tioxide

Statement of unaudited results for the half-year to 30th June 1977

Half Year to 30 June 1976	Half Year to 31 Dec. 1976		Half Year to 30 June 1977
£m	£m		£m
17.51	18.59	External Sales: UK	21.29
50.10	45.96	Overseas	56.52
67.61	64.55	Total	77.81
		Profit/(loss) before taxation:	
10.83	9.94	Tioxide Group	12.35
–	(1.00)	Associated company	(1.74)
10.88	8.94		10.61
5.34	4.85	Taxation: Tioxide Group	6.05
5.54	4.09	Profit after taxation	4.56
0.20	0.27	Minority interests	0.29
5.34	3.82	Profit attributable to shareholders	4.27

The value of goods exported from the UK including intra-group sales was £16.4 million.

Income and expenditure of overseas subsidiary and associated companies have been converted into sterling at the rates of exchange ruling at the end of each period. Changes in the sterling values of the Parent Company's interest in overseas companies, arising from exchange fluctuations, have been excluded from profits.

Sales volume in the first half of 1977 was higher than in the same period of 1976, but the improvement has been below expectations. Profits before tax were marginally lower due to a loss in the associated company, which is in its first year of operation.

For the first half of 1977 the taxation charge consists of £3.03 million UK Corporation Tax (calculated at 52%) and £3.02 million Overseas Tax. The associated company loss is unrelieved for tax thus distorting the overall charge for the Group.

For the second half year, despite an encouraging start, profits are expected to be lower. Some reduction in the rate of loss at the associated company is now being achieved.

Tioxide Group Limited 10 Stratton St London W1A 4XP

Producing companies in Britain · Australia · Canada · France · S. Africa · Spain

INTERNATIONAL MANUFACTURERS OF TITANIUM PIGMENTS

The case for marriages of construction

By KENNETH GOODING

THE BRITISH-OWNED part of the U.K. construction equipment industry has for some time now been on the alert because it did seem that the time for large structural changes had arrived.

The purpose was outlined by Mr. Geoffrey Warren, last year's president of the Federation of Manufacturers of Construction Equipment and Cranes, and deputy chairman of Aveling Barford. "We in the *construction equipment* industry have to get closer together—form larger units to support the type of service and provide the production facilities necessary to maintain, let alone increase, our share of world markets."

The arguments used to support the idea that the industry needed restructuring are not particularly original.

The industry at first glance appears to be among the most successful in mechanical engineering. It accounts for about 8 per cent. of mechanical engineering output and 4 per cent. of its employment. Its labour productivity is said to be the highest in manufacturing industry and it has consistently earned a balance of payments surplus. Last year from a total production of about £650m., exports increased by 30 per cent. to £460m., making exports 70 per cent. of output.

But dig deeper, and you find that imports at £160m. rose by a similar percentage last year, with much of the money being spent on the very big machines not yet available from British sources. In recent years the industry has lost ground in world markets, having fallen from being the second-largest producer in the West before 1968 to its present third position behind the U.S. and Japan. Between 1963 and 1971, the U.K.'s share of world trade in construction and mining equipment shrank from 20 per cent. to 14 per cent. and to-day it is an estimated 10 per cent.

The construction equipment industry is dominated by the North American-based international groups, with the Japanese, particularly in the *shape of Komatsu, not far behind*. Most of the American groups, with the notable exception of John Deere, have set up U.K. manufacturing operations and these account for about half the home market sales and more than 50 per cent. of exports.

The dependence of the U.K. on the international companies is even greater than those statistics would suggest, because a number of British-owned concerns rely almost entirely on the Americans for their engines—the foundation of their equipment and the dominant item in their marketing.

Short-sighted

"Because of their size the international companies have substantial advantages in every section of the corporate strategy whether it be marketing, research, development, investment organisation of supplies or industrial relations," maintained a report from the industry's sector working party at the National Economic Development Office. It gave emphasis to this view by pointing out that Caterpillar Tractor, the biggest of the North American groups, in 1973 spent $94m. on research and development compared with the $9m. spent by the whole of the U.K. construction equipment industry. Komatsu spent $28m. The British industry as a whole employs 340 professional engineers and 100 scientists and technologists. Komatsu alone employs 750 scientists, engineers and technicians on basic research, excluding product development where 650 are employed.

Hence Mr. Warren's plea for restructuring and his impatient additional words: "Regrettably there has not been much progress in this direction. The British character rates independence very highly. But amalgamations must come, as they have in America."

Is it just short-sighted independence of mind which keeps the British-owned groups apart? Some people in the industry feel that it would not achieve much to put the three largest British businesses together. J. C. Bamford Excavators, the JCB group, aims for a turnover of up to £95m. this year. British Leyland Special Products' construction equipment division companies (Aveling-Barford, Aveling Marshall, Goodwin Barsby and Barfords of Belton) hope for £61m. while the Babcock and Wilcox companies (*Blaw Knox, Winget and Muir-Hill*) should top last year's £36m.

Even if they were put together in a group which included two other important excavator businesses, Powell Duffryn's Hymac subsidiary and *Acrow's Priestman offshoot*, they would still be dwarfed by Caterpillar's £3bn. turnover, of which £1.7bn. was in overseas sales, or by Komatsu's £374m.

Not only that, the political and practical problems of putting any of the companies together are considerable. JCB is a private company, still owned by its founder Mr. Joe Bamford but with his son, Anthony, now chairman and managing director. The Leyland companies are owned by the National Enterprise Board while Babcock and Wilcox is a public company.

JCB has already given an indication it is interested in growth by acquisition by attempting, unsuccessfully, to buy a substantial shareholding in the French group Poclain, which ran into financial problems earlier this year.

Marketing

The group would undoubtedly be well to the head of the queue if the NEB decided to sell off Aveling-Barford and its other construction equipment companies. JCB came close to making a counter offer for Aveling-Barford in 1967 at the time of the Leyland bid and apparently has not changed its opinion that the two companies would fit well together.

However, there is no doubt that the large British-owned companies were never particularly keen on the "we must get bigger to survive" arguments, which they claim stemmed *mainly from the Government* and NEDO staff on the sector working party.

Mr. Edward Goodwin, managing director of Babcock's construction equipment division, maintains: "Many companies have lived on their wits for *many years and do not feel* threatened. If the multinationals have a strength we envy, it is in marketing, not production."

This view was echoed by Mr. Anthony Bamford. "Putting us together with others might not necessarily help the companies or the country. Perhaps we should put money in distributorships, as that is where the competition is weak." It is on the marketing aspects that the NEDO sector working party is currently concentrating.

At one stage the idea was considered that the British-owned companies might operate in some territories through a joint marketing organisation, possibly financed by the NEB. The plan was that something like a Japanese trading house might be established to sell the U.K. *products in some markets, such* as South America, where the British influence had dwindled away. The marketing organisation would perhaps do a little "badge engineering" by putting its own label on a range of equipment bought from all the U.K. makers. This idea has been shelved because the companies could not see how to sort out the problem of who would own the organisation.

However, NEDO is pressing on quickly with a market research operation designed to show up the deficiencies in the U.K.'s international marketing of construction equipment. This will compare the British achievements and methods with those of the West Germans, Italians and French (but not U.S. or Japanese companies).

Significantly, the research has been designed to provide help to the U.K. industry as it is currently structured.

Like many other industries taking part in the industrial strategy programme, the construction equipment makers have set themselves a target of improving export performance. This involves the international groups as well, of course, and it is up to the U.K. Government to convince the Americans that they should use *bases in Britain* to service the European and Middle East markets. Recent visits by Government Ministers and senior Department of Industry officials to the international groups to ask them for ideas on how the Government could best help *were a step in* this direction.

As for the British companies, there is on the face of it a conflict between the Government-NEDO insistence on the need for the U.K. to improve its share of world trade and the companies' need to concentrate on such things as return on capital and profitability. There is overcapacity in the world, competition is very fierce, and margins of profit on overseas sales are very much lower than in the home market. Currently the U.K. industry is working on average at only 80 per cent. of capacity but it is in good shape compared with West Germany where many local manufacturers are in the deepest of financial troubles, the banks have had to move in to protect their shareholdings and the Government is paying 80 per cent. of the wage bills, as is the custom. In Sweden the construction equipment makers are also suffering severely and finding export difficult because the Krona, like the D-Mark, is highly valued.

In these circumstances, the British groups' scepticism about international opportunities are understandable. They certainly seem reluctant to stump up the cash needed to support international marketing operations on a proper scale.

The scope of what is required can be judged by the Blackwood Hodge balance sheet. One of the U.K.'s largest distributors of construction equipment last year had an inventory of £114m. to support international sales of £140m.

But the British companies are used to having hardly any debtors. The custom in the home market is for the customer to send a cheque for the full amount with his order and the cheque is banked when his machine rolls off the end of the assembly line. JCB itself on the fact that it ... borrowings at all, although Anthony Bamford says ... group would borrow if necessary—it would have ... *necessary if the Poclain* ... had been successful ... example.

Given that the Government seems to be willing to ... the companies at the ... the advice they are offered ... Government has some ... nificance. Mr. Peter ... JCB director, put it ... terms: "The industry ... looking to the Government ... take all the risk out ... business. But if the Government wants the companies to ... bute their equipment ... the world, the Government should make some provision ... enable us to do just that."

Outlook bri[ght]

In particular, the c... tion equipment group... like the Export Credit ... tee Scheme extended to ... stocks of finished produ... spares, something the ... did with their scheme ... couple of weeks ago. Some ... panies would also like ... concessions on their ... sales.

Meanwhile the NEDO survey continues ... interviews with more ... U.K. companies and ... European groups. The ... should come through ... month for circulation ... the companies in Sep... Those results might ... some movement among ... British companies and ... mergers still cannot be ... out completely.

In the medium-term, ... look for the construction ... ment manufacturers ... bright. The world's po... is still growing; there is ... ing urbanisation and ris... ing standards which brin... them the need for ... roads, utilities and othe... structures. Some ... suggest an 8 per cent ... real growth in demand ... struction equipment ... U.S.$20bn. by 1985. S... will be some opportuniti... able if the U.K. indus... find the right formula ... able to take them.

ROYAL DUTCH PETROLEUM COMPANY

(N.V. Koninklijke Nederlandsche Petroleum Maatschappij)

Established at The Hague, The Netherlands

INTERIM DIVIDEND 1977

The Supervisory Board and the Board of Management of the Com... have declared on account of the expected total dividend in respect ... year 1977, an interim dividend amounting to Netherlands Gu... 5.00 per share on its outstanding shares of 20 guilders par value.

A. On the Bearer Shares

(i) This interim dividend will be payable against surrender of co... No. 162 on or after 27th September, 1977 at the offices of N. M. Rothschild & Sons Limited, New Court, St. Swithin's L... London EC4P 4DU on business days between the hou... 9.30 a.m. and 2 p.m.

Payment will be made in sterling at the buying rate of exch... current in Amsterdam at 2 p.m. on 20th September, 1977, in the ... of coupons presented on or before that date, or on the day of pre... ation in the case of coupons presented subsequently. In view o... fact that Netherlands guilder funds are being provided by ... Company for payment of this dividend, the usual foreign exch... commission will be deducted from the sterling proceeds. Cou... must be accompanied by a presentation form, copies of which c... obtained from N. M. Rothschild & Sons Limited, and the face of ... coupon must bear the stamp or other indication showing the ... of the presenter.

Coupons must be left for an appropriate period for examinatio... *must be handed in personally. Coupons cannot be paid through* ... post.

In the case of shareholders not resident within the Scheduled T... tories the paying agent may, at the request of the Authorised De... tary presenting the coupons, pay the dividend in a different curr... Information in this respect will be supplied by the paying agent ... request.

Netherlands dividend tax at the reduced rate of 15 per cent w... deducted from the gross dividend where:

(a) United Kingdom income tax has also been deducted;

(b) Coupons are presented on behalf of residents of the U... States of America, Australia, Austria, Belgium, Canada, Denm... Finland, France, Ireland, Japan, Luxembourg, Netherl... Antilles, Norway, South Africa, Spain, Sweden or West Germ... provided they lodge the appropriate declaration form.

Netherlands dividend tax at the reduced rate of 20 per cent w... deducted from the gross dividend where coupons are presente... behalf of a resident of Surinam, provided they lodge the appropr... declaration form.

In all other cases Netherlands dividend tax of 25 per cent is ... deducted.

(ii) On 27th September, 1977, this interim dividend will be pa... Depositaries admitted by Centrum Voor Fondsenadministratie ... Amsterdam, on the shares whose dividend sheets were in ... custody at the close of business on 16th September, 1977. ... payment will be made through the medium of N. M. Rothschi... Sons Limited, after receipt by them of a duly completed CF Divi... Claim Form.

Where appropriate, the usual affidavit certifying non-residence ... United Kingdom will also be required if payment is to be made wit... deduction of United Kingdom income tax.

Where under the double tax agreement between the United King... and the Netherlands 15 per cent Netherlands dividend tax has ... withheld, the 15 per cent Netherlands tax is allowable for a reside... the United Kingdom as a credit against the United Kingdom incom... *payable in respect of the dividend. The deduction of United King...* income tax at the reduced rate of 19 per cent instead of at the Basic ... of 34 per cent represents a provisional allowance of credit at the ra... 15 per cent.

B. On the Registered Shares registered in the United Kingd... Section of the Amsterdam Register

The sterling amount of this interim dividend is fixed at 118.212p... share based on the sterling/guilder rate of exchange, being Nfls 4.3... = £1, current in Amsterdam on 15th September, 1977.

The record date will be 26th September, 1977; shareholders regist... at the close of business on that date will be entitled to receive ... dividend.

On or before 18th October, 1977 dividend warrants will be posted by ... transfer agent, Algemene Bank Nederland N.V., Amsterdam, to sh... holders registered in their books on the record date.

From the dividend on the registered shares Netherlands dividend ta... 25 per cent has also to be deducted. Where under the relevant ... convention shareholders are entitled to a reduction of the Netherla... dividend tax, this can only be effected through a request for a pa... refund of the tax withheld on the appropriate tax affidavit.

19th September, 1977. ROYAL DUTCH PETROLEUM COMPA...

HOME NEWS

...mmercial Credit to see ...nk over £3m. claim

...ARET REID

...OF the U.S.-owned ... Credit Services ...merly First For... will shortly dis- ... Bank of England ...'s claim for some ... warranties given ...ght Slater Walker ...orporation from ... in 1975. ...ter has been taken ...Bank of England as ...construction of the ... Walker Securities ...e Bank provided ...t.

The talks with the Bank were foreshadowed when Commercial Credit announced that Mr. Ron Harrison had been appointed its chairman and managing director and that it was embarking on a major new drive to increase its provision of finance for industry.

Mr. Harrison was previously managing director of the Philips U.K. finance subsidiaries. Commercial Credit, whose available resources have been substantially increased to prepare for the growth of business, is controlled by a big U.S. group, which is itself a subsidiary of Control Data Corporation.

Lord George-Brown, the former Labour Cabinet Minister, is a director of the British company.

Commercial Credit bought Slater Walker Finance Corporation in March 1975 for £4.85m. from Slater Walker, which was then selling off a number of assets.

In 1975, the enlarged First Fortune Holdings incurred a pre-tax loss of £980,000, followed by another loss, of £896,000, last year.

A note to the group's 1976 accounts says that the purchase of the finance corporation from Slater Walker was on terms including certain warranties and indemnities.

At the same time, a £2.5m. loan was made by Slater Walker to First Fortune to provide a reserve fund for claims by the latter against Slater Walker for any breach of the purchase agreement.

The note also recorded that last September a claim for more than £2.5m. was filed with Slater Walker in respect of breaches of warranties mainly relating to alleged inadequacy of provisions for bad and doubtful debts. Items totalling over £2.9m. were then noted.

After its 1975 and 1976 losses, the British subsidiary, which has 26 offices, broke even in the first half of this year, for the whole of which it expects to make a profit, said Mr. Jim Schoedinger, Commercial Credit's executive vice-president for Europe. Business outstanding is now £72m., against £61m. at the end of last year, and the expansion now planned is expected to yield a more substantial profit next year.

To increase its business, Commercial Credit has received a £7½m. subordinated loan from its U.S. parent and has also negotiated a £30m. loan from a consortium of banks.

Temporary reprieve for timber mill

BY OUR STIRLING CORRESPONDENT

PRODUCTION WILL resume to-day at the Stirlingshire plant of Scottish Timber Products, which went into receivership last week.

Workers at the mill in Cowie, near Stirling, agreed at a week-end mass meeting to a proposal by the Receiver which will save 195 of the 370 jobs at the plant for at least six weeks.

Meanwhile, steps are being taken to find a permanent solution to the company's difficulties which stem from its inability to repay a loan in German marks made in 1973. A meeting will take place this week between Mr. William Brownlie, the Receiver and the Scottish Development Agency.

Production at the mill was halted last week when it was revealed that the company was in financial difficulty and a Receiver had been appointed. The falling exchange rate of the pound against the Deutschemark has been a major factor in the difficulty.

Putting the proposals to the mass meeting, the Receiver said the new manning levels would ensure continued production over the next six weeks and that he would try to find a buyer for the company during that period.

Mr. George Wilson, an official of the Transport and General Workers' Union, said the proposal was a serious one and that there was little alternative to it. He promised another mass meeting next Thursday at which management and the Receiver would be represented.

Mr. Dennis Canavan, West Stirlingshire MP, told the workers he had been assured that the Scottish Development Agency would meet the Receiver this week to discuss the possibility of saving the mill.

The MP also urged that the situation be put at the top of the agenda at a meeting scheduled for to-day between agency officials and Mr. Bruce Millan, the Scottish Secretary.

Mr. Canavan added: "I am looking for a better long-term solution so that the workers laid off can be taken back."

Marine insurers meet to discuss recession

BY DENZIL STUART

THE WORLD of the marine insurer is not a happy one, and the cause of the trouble is the severe shipping slump.

Idle fleets are approaching 23m. tonnes gross, and experts predict that a change is unlikely for tankers for another 18 months. And building orders are few and far between. This situation means a drastic reduction in marine insurance.

Against that sombre background, this year's International Union of Marine Insurance conference opens to-day in Montreux, Switzerland. About 600 underwriters from 35 countries will atend the conference.

Mr. A. E. Mann, chairman of the Institute of London Underwriters, will lead the 66 London underwriters, along with Mr. J. A. Oliver, chairman of Lloyds's Underwriters Association.

The shipping recession also means that in many cases insured values of ships are inadequate and underwriters' flow of premiums are being reduced. But ship-repair costs are rising because of inflation.

Mr. Mann said yesterday that the London market's problem was in trying to maintain its share of business.

"Hull rate increases for loss producing business is not really offsetting the reductions which have been given for good business, in order to retain it, nor are they matching the lower rates being quoted for new business."

Transport cafe toilets slated

MOST OF Britain's transport cafe lavatories are "unfit for animals," says the latest Egon Ronay guide to transport cafes to-day.

"*Nothing excuses the slouthful negligence — or total absence? — of cleaners.*" The guide also criticises lorry drivers for the "filthy" state of the lavatories.

Washing facilities are slated too. Seventeen of the 86 which provided accommodation, including five with more than 20 beds, had neither a bath nor shower.

But transport cafes are still the best value for money in the catering field, says the guide.

COMPANY NOTICES

GM

BEARER DEPOSITARY RECEIPTS

GENERAL MOTORS CORPORATION

Further to the DIVIDEND DECLARATION of 31st August, 1977, NOTICE is now given that the following distribution will become payable to AUTHORISED DEPOSITARIES on and after the 15th September, 1977, against presentation to the Depositary (as below) of Claim Forms listing Bearer Depositary Receipts.

GROSS DISTRIBUTION PER UNIT	4.25 CENTS
LESS 15% U.S. WITHHOLDING TAX	0.6375 CENTS
	3.6125 CENTS PER UNIT
CONVERTED at $1.7455 =	2.0696 PENCE PER UNIT

Barclays Bank Limited.
Securities Services Department,
54 Lombard Street, EC3P 3A. 16th September, 1977.

CREDIT INDUSTRIEL ET COMMERCIAL

Société anonyme au capital de F 226 383 350
Siège social: 66, rue de la Victoire, 75009 Paris
R.C. Paris B 542 016 381

NOTICE TO HOLDERS OF FLOATING RATE NOTES DUE 1981

The general assembly meeting of September 1, 1977 has appointed as representatives of the note-holders:
— Mr. BOUTEILLIER, LYON (69002), 54 rue Auguste comte;
— Mr. GUILLAIS-AURAY, NEUILLY (92200), 64 rue Edouard Nortier
and as alternate representatives:
— Mr. GILLY Louis-Gérard, PARIS (75116), 15 bis rue Georges Bizet;
— Mr. MARIACHER Philippe, SANTENY (94440), 45 rue François Couperin.

The Board of Directors

W. F. JOHNSTONE & COMPANY LIMITED
(Incorporated in the Republic of South Africa)

DECLARATION OF A FINAL DIVIDEND OF 15 CENTS PER SHARE ON THE ORDINARY SHARES FOR THE YEAR ENDED 30th JUNE 1977

NOTICE IS HEREBY GIVEN that a Final dividend of 15 cents per share has been declared payable to Ordinary Shareholders registered in the books of the Company at the close of business on 21st October, 1977.

The dividend is declared in the currency of the Republic of South Africa, and dividend warrants will be posted on 11th November, 1977. The dividend payable to holders on the London Register will be paid in Sterling.

The Company will deduct non-resident tax of 15 per cent from dividends paid to shareholders whose addresses in the Share Register are outside the Republic of South Africa and a further 19 per cent in respect of United Kingdom Income Tax, to residents in the U.K. making a total deduction of 34 per cent.

For the purpose of paying the above dividend the Ordinary Share Register will be closed from 22nd October to 11th November, 1977 both dates inclusive.

By Order of the Board.
A. D. BRUNT, Secretary.

HEPWORTH CERAMIC HOLDINGS LIMITED

NOTICE IS HEREBY GIVEN that the Share Transfer Books of the above named Company will be closed from the 1st October to 10th October, 1977, inclusive, for the preparation of Dividend Warrants.

By Order of the Board.
J. BIRTWHISTLE, Secretary.
Genefax House,
Sheffield S10 3PJ.

APPOINTMENTS

THE CITY UNIVERSITY
BUSINESS SCHOOL

LLOYDS RESEARCH FELLOW

Applications are invited for a Research Fellowship in Insurance, which is sponsored by Lloyds. The responsibilities of the successful applicant will include:

(a) initiating research projects in the area of insurance; and
(b) helping to develop and teach on the Insurance and Risk Management option which forms part of a new BSc course in Business Studies.

Candidates should possess a good honours degree and it would be an advantage if they also had a proven research record.

Salary will be within the range £3353-£6443 p.a. plus £450 p.a. London Allowance.

The appointment will be initially for five years.

Further particulars and application forms may be obtained from the Deputy Academic Registrar, The City University, St. John Street, London EC1V 4PB, telephone 01-253 4399, extension 239.

Closing date 14th October 1977.

EDWORKS (1936) LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO SHAREHOLDERS
DECLARATION OF DIVIDENDS—
DIVIDEND No. 61

NOTICE IS HEREBY GIVEN that dividends have been declared on the Ordinary, "A" Ordinary and 6 per cent. and 7 per cent. Cumulative Preference shares of this Company as follows:—

(a) On the Ordinary and "A" Ordinary shares—a Final dividend of 30 per cent. (equivalent to 3.0 cents per 10 cent share) making a total of 40 per cent. (equivalent to 4.0 cents per 10 cent share) for the year (1976—60 per cent).
(b) On the 6 per cent. Cumulative Preference shares—a half-yearly dividend in respect of the half year ended 31 July 1977, of 3 per cent. (equivalent to 6 cents per R2 share) making a total of 6 per cent. for the year ended 31 July 1977 (1976—6 per cent).
(c) On the 7 per cent. Cumulative Preference shares—a half yearly dividend in respect of the half year ended 31 July 1977, of 3½ per cent. (equivalent to 7 cents per R2 share) making a total of 7 per cent. for the year ended 31 July 1977 (1976—7 per cent.)

The Dividends are payable to the Shareholders registered in the books of the Company at the close of business on 30 September 1977 and the cheques in payment thereof will be posted on or about the 1st November, 1977.

Dividends are payable in the currency of the Republic of South Africa, and dividends from the London Office will be paid in British Currency calculated at the rate of exchange ruling on the 13th October 1977.

Dividend cheques despatched from the London Office to persons resident in Great Britain or Northern Ireland will be subject to a deduction of United Kingdom Income Tax at rates to be arrived at after allowing for relief (if any) in respect of South African Taxes.

The Company will deduct the Non-Resident Shareholders Tax of 15 per cent. (15%) from all Dividends payable to shareholders whose addresses in the Share Registers are outside the Republic of South Africa.

The Share Transfer Books and Share Registers of the Company will be closed from 1 October 1977 to 7 October 1977 both dates inclusive.

By Order of the Board.
D. H. EDGE, Secretary.

Head Office:
1-5 Somers Road,
P.O. Box 509,
PORT ELIZABETH.
6000.
Transfer Secretaries:
Republic Registrars (Pty.) Limited,
10th Floor
St. Mary's Building,
85 Eloff Street,
P.O. Box 1370,
JOHANNESBURG 2000
London Transfer Office:
6 Greencoat Place,
LONDON SW1P 1PL.
ENGLAND.
16th September, 1977.

LEGAL NOTICES

THE COMPANIES ACT 1948
BRADBURN METALS LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at The Cobden Hotel, 166 Hagley Road, Edgbaston, Birmingham 16 on Friday, the 23rd day of September 1977, at three o'clock in the afternoon, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 8th day of September 1977.
By Order of the Board
J. E. DOWLING

THE COMPANIES ACT 1948
VAUXHALL PLATING JIGS LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at The Cobden Hotel, 166 Hagley Road, Edgbaston, Birmingham, 16, on Friday the 23rd day of September, 1977 at two o'clock in the afternoon, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 8th day of September 1977.
By Order of the Board.
J. E. DOWLING,
Secretary.

THE COMPANIES ACT 1948
EMCLIFF LIMITED
formerly
K.B.P. HOLDINGS LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at The Cobden Hotel, 166 Hagley Road, Edgbaston, Birmingham, 16, on Friday, the 23rd day of September 1977 at four o'clock in the afternoon, for the purposes mentioned in Section 294 and 295 of the said Act.

Dated this 8th day of September 1977
By Order of the Board.
J. E. DOWLING,
Secretary

THE COMPANIES ACT 1948
THOMAS MADELEY LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at The Cobden Hotel, 166 Hagley Road, Edgbaston, Birmingham, 16, on Friday the 23rd day of September, 1977, at twelve o'clock noon for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 8th day of September, 1977.
By Order of the Board.
J. E. DOWLING,
Secretary.

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	*British Genius Exhibition (cl. Oct. 30)*	Battersea Park, S.W.11
Current	Chelsea Antiques Fair (cl. Sept. 24)	Town Hall
Current	Int. Hardware Trades Fair (cl. Sept. 18)	Belle Vue, Manchester
Current	Autumn High Fidelity Show (cl. Sept. 18)	Cunard Int. Hotel, W.6
Current	International Plastics Exhibition (cl. Sept. 23)	Nat. Exbn. Centre, B'ham.
To-day	U.S. Housewares Showcase Exhibition (cl. Sept. 27)	U.S. Trade Center, W.1
Sept. 20—23	British Premiums Show	Wembley Conf. Centre
Sept. 20—23	Int. Filtration and Separation Exbn.	Olympia
Sept. 20—23	Dust Control and Air Cleaning Exbn.	Olympia
Sept. 25—26	Pet Products Marketing Exhibition	West Centre Hotel, S.W.6
Sept. 26—30	Fire Protection and Control Exbn.	Metropole Centre, Brighton
Sept. 26—30	Engineering and Industrial Equipment Exbn.	Bristol Exbn. Centre
Oct. 2—5	British Footwear Fair	Olympia
Oct. 3—4	Petroleum Equipment Exhibition	Royal Garden Hotel, W.8
Oct. 4—5	EIA Engineering Exhibition	Watford
Oct. 10—15	International Mining Exhibition	Nat. Exbn. Centre, B'ham.
Oct. 11—13	*Electronic Instrument Show*	Bloomsbury Centre Htl., WC1
Oct. 11—20	International Business Show	Nat. Exbn. Centre, B'ham.
Oct. 21—22	TRAFEX 77—Transport Exhibition	Leicester

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Sept. 22—30	Int. Office Equipment Exhibition	Paris
Sept. 24—26	Int. Footwear Trade Fair	Dusseldorf
Sept. 24—29	Italian Furniture Fair	Milan
Sept. 24—Oct. 2	International Autumn Fair	Novi Sad
Sept. 25—Oct. 2	International Meat Industry Fair	Valencia
Oct. 1—5	Earthmoving, Construction and Forest Mach. Exbn.	Helsinki
Oct. 1—15	Baghdad International Fair	Baghdad
Oct. 5—9	Int. Materials Handling & Construction Mach. Ex.	Singapore
Oct. 7—16	Equip—Auto '77	Paris
Oct. 10—15	International Maritime Exhibition	Rio de Janeiro
Oct. 11—13	Chemical Shipping, Storage Exbn. and Conf.	Hamburg
Oct. 16—24	Int. Hotel and Catering Equipment Exhibition	Paris
Oct. 17—21	Int. Market of Sub-Contracting M.I.D.E.S.T.	Strasbourg
Oct. 20—24	Helsinki International Technical Fair	Helsinki
Oct. 22—25	Middle East Materials Handling Show and Conf.	Bahrain
Oct. 22—26	Int. Ladies Ready-to-Wear Clothing Exbn.	Paris

BUSINESS AND MANAGEMENT CONFERENCES

Sept. 20	Building Advisory Service: Safe Working with Asbestos	18, Mansfield Street, W.1
Sept. 20	*Marchmont: Personal Tax Saving for Directors*	*Royal Garden Hotel, W.8*
Sept. 26—30	Bradford Univ.: Retail Marketing Strategy	Gloucester Hotel, S.W.7
Sept. 28	C.B.I. & British Shippers' Council: EEC Customs Union—What's the Form?	Café Royal, W.1
Sept. 28	Executant: Product Liability	Russell Hotel, W.1
Sept. 28—29	Association of Certified Accountants: Profit Management	Kenilworth Hotel, W.C.1
Sept. 28—29	Arabian Marketing: Saudi Arabia & the Gulf States	Café Royal, W.1
Sept. 29	Interface: Financial Management & Accounting for Inflation	Coventry
Sept. 29	Pallet Enterprises: Unit Load Equipment Developments	Wembley Conf. Centre
Sept. 29—30	BACIE: Effective Presentation	16, Park Crescent, W.1
Sept. 29—Oct. 1	Institute of Purchasing and Supply: The Contribution of Purchasing and Supply to Better Economic Performance	Maidenhead
Oct. 4—6	British Computer Society: Datafair 77 "The End User"	Cunard Int. Hotel, W.6
Oct. 5	Economic Models: Economic Forecasts for Europe, U.S.A. and Japan	30, Old Queen St., S.W.1
Oct. 5—6	European Study Conferences: Trade Union Recognition & Collective Bargaining	Kensington Palace Hotel, W.8
Oct. 6—7	Financial Times, The Banker, British Caledonian Airways, Investors Chronicle: Latin American Banking	Caracas
Oct. 7	Oyez: Pay in 1978	Royal Lancaster Hotel, W.2
Oct. 11	British Computer Society: Computers in Finance	Café Royal, W.1
Oct. 12	Henley Centre for Forecasting: Forecasts for Savings and the Stock Market to 1982	Carlton Tower Hotel, S.W.1
Oct. 12—13	Institute of Marine Engineers: Safety at Sea	76, Mark Lane, E.C.3
Oct. 13	European Study Conferences: Free Collective Bargaining	Royal Garden Hotel, W.8
Oct. 13—14	Brunel University: Employing Graduates	Uxbridge
Oct. 16—17	Financial Times, The Banker, Investors Chronicle, Gulf Air: Gulf Finance	Bahrain
Oct. 18	Management Training Consultants: Successful Supervision Course	Rembrandt Hotel, S.W.7
Oct. 19—20	Society for Long Range Planning: Construction towards 2000	Coventry
Oct. 20	London Chamber of Commerce and Industry: Europe and Africa—Trends and Relationships	The Guildhall, E.C.2

Entertainment Guide

CC—These theatres accept certain credit cards by telephone or at the box office

OPERA & BALLET

COLISEUM. Credit Cards. 01-240 5258. Reservations 01-836 3161.
ENGLISH NATIONAL OPERA
Tomorrow and Sat. 7.30 La Boheme. Wed. 7.30 The Rhinegold. Thurs. 7.30 La Vie Parisienne. Fri. 5.30 The Valkyrie. 104 Balcony seats always available on night of perf.

COVENT GARDEN. 240 1066.
SPECIAL ANNOUNCEMENT
THE TROJANS
The Royal Opera House regrets that owing to contractural problems it will now only be possible to perform
PART II OF THE TROJANS
The TROJANS AT CARTHAGE
which will be given complete and will start at 7.30 p.m. Seat prices will be reduced from Schedule C to B and relevant refunds on tickets already purchased can be obtained on the eve of the perf. (or by post later) on prod. of the ticket counterfoil. The Trojans at Carthage. 21. 24. 27. 30 Sept.; 3. 5. 8. Oct. 7.30.

SADLER'S WELLS THEATRE. Rosebery Ave., E.C.1. 837 1672 C.C.
SADLER'S WELLS ROYAL BALLET
Evs. 7.30. Sats. Mat. 2.30. Tonight Coppelia. Tues., Wed. & Thurs. The Four Temperaments. The Maids. Soit Blue Shadows. Pineapple Poll. Fri. and Sat. Concerto. The Two Pigeons.

THEATRES

ADELPHI THEATRE 01-836 7611. Evgs. 7.30. Mats. Thurs. 3.0. Sats. 4.0.
IRENE
"LONDON'S BEST NIGHT OUT. SPECTACLE, CAPTIVATING TUNES AND RACY COMEDY." People.
IRENE
"SLICK, SUMPTUOUS — THE MUSICAL IRENE HAS EVERYTHING." D. Express.
IRENE
INSTANT CONFIRMED CREDIT CARD BOOKING 01-836 7611.

ALBERY. 836 3878. CC. Evenings 8.0. Mats. Thurs. 3.00. Sats. 5.30 and 8.30.
DEBORAH KERR
DENIS QUILLEY
"TWO MASTERLY PERFORMANCES." Bernard Levin, Sunday Times.
CANDIDA
By Bernard Shaw.
"IMPOSSIBLE NOT TO SUCCUMB TO CANDIDA'S SPELL." Daily Mail.
Directed by Michael Blakemore.

ALDWYCH. 836 6404. Inf. 836 5332. Air-Conditioned
Royal Shakespeare Company in repertoire
Tonight 7.30—Ibsen's
PILLARS OF THE COMMUNITY
"The most exciting theatrical evening in all London." Guardian. with THE COMEDY OF ERRORS (Tomor., Wed. m&e). ROMEO AND JULIET (Thur.), TROILUS AND CRESSIDA (Fri., Sat. m&e). RSC also at THE WAREHOUSE (see under W) and at the Piccadilly and Savoy Theatres.

AMBASSADORS. 836 1171. Evenings 8. Sats. 5.30 and 8.30. Mats Tues. 2.45. Broadway's Hilarious Musical Whodunit.
SOMETHING'S AFOOT
"Infusing the theatre with unalloyed joy. High octane hilarity . . . perfect family show." S. Express. "Enormous gaiety. I loved every daft minute of it." D. Mir. "Chock full of genuine comic business." F. Times. "Exuberance abounds." E. News. Dinner and top-price seat £7.50 inc.

APOLLO. 01-437 2663.
Opens Sept. 22 at 7.0.
EMLYN WILLIAMS as SAKI
Previews Sept. 20 and 21 at 8.0.

CAMBRIDGE. CC. 01-836 6056. Mon. to Thur. at 8.00. Fri., Sat. 5.45. 8.30
IPI TOMBI
"PULSATING MUSICAL." Evg News.
2nd GREAT YEAR
Seat prices £1.50 to £4.50
Dinner and top-price seat £7.75 inc.

CASINO. 01-437 6877.
See London Casino for DEAN

COLISEUM. Credit cards 01-240 5258. Reservations 01-836 3161
ENGLISH NATIONAL OPERA
Tomorrow & Sat. 7.30 La Boheme: Wed. 7.30 The Rhinegold: Thurs. 7.30 La Vie Parisienne: Fri. 5.30 The Valkyrie. 104 Balcony seats always available night of perf.

COMEDY. 01-930 2578. Evenings 8.00. Mat. Thurs. 3.00. Sats. 5.30 and 8.30.
Winner of all 1975 Awards
Best Play of the Year.
HYWELL BENNETT in SIMON GRAY'S OTHERWISE ENGAGED
Directed by Harold Pinter

CRITERION. 01-930 3216. Evgs. at 8. Sats. 5.30. 8.30. Thurs. 3.0
LESLIE PHILLIPS
"Impeccable . . . a master." Sun. Times.
in SEXTET
"HILARIOUSLY FUNNY." News of World

DRURY LANE. 836 8108. Evgs. 8.00 sharp. Matinee Wed. and Sat. 3.00.
A CHORUS LINE
"VOTED BEST MUSICAL OF 1976."

THEATRES

DUCHESS. 836 8243. Evgs. 8.00. Fridays and Saturdays 6.15 and 9.0.
OH! CALCUTTA!
"The Nudity is Stunning." D. Telegraph.
8th SENSATIONAL YEAR

DUKE OF YORK'S. 01-836 5122.
Opens Oct. 4 at 7.0.
ROY DOTRICE
NYREE DAWN PORTER
ANTHONY ANDREWS in
THE DRAGON VARIATION
Previews from Wed., Sept. 28.

DUKE OF YORK'S. 01-836 5122. Evgs. 8.0. Wed. Mat. 3.00. Sat. 6.0 and 8.30. Until Sept. 24.
"ELECTRIFYING." "MARVELLOUS" "SENSATIONAL"
"A SINGULAR SENSATION"
A Musical Entertainment starring
ANITA HARRIS
with George Giles Bernard Jameson
A SPECIAL JUBILEE PRESENTATION

ELLE et LUI. CC. 01-836 5122
Walker's Court, Brewer Street, W.1.
Twice Nightly 8.15 and 10.15.
PAUL RAYMOND presents
PENETRATION
An erotic adventure in French pornography. "Good-looking men and women perform various permutations of the sexual act." Evening News. You may drink and smoke in the auditorium.

FORTUNE. 836 2238. Mon. to Fri. 8.00. Sat. 5.00 and 8.00. Mats. Thurs. 3.00.
AGATHA CHRISTIE'S
MURDER AT THE VICARAGE
Third Great Year!

GARRICK THEATRE. 01-836 4601. Monday-Friday Evenings 8.15. Matinees Wednesday 3.00. Sat. 6.00 and 8.40.
TONY BRITTON
PETER WOODHOUSE, PHYLIDDA LAW
THE BELLS OF HELL
"JOHN MORTIMER'S DEVASTATINGLY FUNNY PLAY." Sunday Telegraph.
"I ENJOYED IT HUGELY." Dly. Mail.

GLOBE. CC. 01-437 1592. Evenings 8.15. Mat. Wed. 3.00. Sat. 6.00 and 8.40.
PAUL EDDINGTON, AMANDA BARRIE
in the SECOND YEAR of
DONKEY'S YEARS
by MICHAEL FRAYN
THE BEST COMEDY OF THE YEAR.

HAYMARKET. 930 9832. Evgs. 7.45. Mat Wed 2.30. Sat 5 & 8.15. Last 4 Wks
Googie WITHERS, John McCULLUM, Christopher GABLE, Jenny QUAYLE.
Bill FRASER
THE CIRCLE
Somerset Maugham's famous comedy. Faultlessly acted, worth going miles to see." Herbert Kretzmer, Daily Express.

HER MAJESTY'S. 01-930 6606. Evs. 8.0. Wed. and Sat. 3.0 and 8.0.
GLYNIS JOHNS
KENNETH GRIFFITH HELEN LINDSAY
in TERENCE RATTIGAN'S
CAUSE CELEBRE
"RATTIGAN REVEALS HIS MASTERY" S.T. "A powerful drama." E.N. Glynis Johns plays brilliantly." D.T.

KING'S ROAD THEATRE. 352 7488. Mon. to Thurs. 9.00. Fri., Sat. 7.30. 9.30
THE ROCKY HORROR SHOW
Now in its 5th rocking year.

LONDON CASINO. 437 6877. Evs. 8.0. Thurs. 3.0. Sats. 5.30 and 8.30. 8.30. Sat. 2.30 and 8.30.
DEAN
"A CHARGE OF NEON-LIT SHOWBIZ EXCITEMENT." Guardian.
Some seats available Tonight.

LYRIC THEATRE. 01-437 3686. Evs. 8.0 Thurs. 3.0 Sats. 5.30 and 8.30.
CELIA JOHNSON RALPH RICHARDSON
"GREAT PERFORMANCES." Sun. Tel.
in WILLIAM DOUGLAS HOME'S
THE KINGFISHER
Directed by LINDSAY ANDERSON.
"A DELIGHT." Daily Telegraph.

MERMAID. 248 7656. Restaurants 248 2835 Evgs. 8.00. Mats. Fri. and Sat. 5.00.
Wendy Craig, Norman Rossington, Ken Jones, Eileen Kennally in
BREEZEBLOCK PARK
"a sharp bright comedy." Guardian.
by Willy Russell.
Stalls Tickets £1.25-£3.50. Combined Dinner/Theatre Ticket: £5.95.

NATIONAL THEATRE. CC 928 2252.
OLIVIER (open stage): Ton't 7.30 Tomor. 7 THE PLOUGH AND THE STARS by Sean O'Casey.
LYTTELTON (proscenium stage): Ton't & Tomor. 7.45 HAPPY DAYS by Samuel Beckett
COTTESLOE (small auditorium): Ton't. & Tomor. 8 SIR IS WINNING by Shane Connaughton.
Many excellent cheap seats all 3 theatres day of perf.
Car park. Restaurant 928 2033.

OLD VIC. Box Office 928 7616.
Trevor Peacock as Mark Twain
in WHITE SUIT BLUES
Tonight at 7.30.

PALACE. 01-437 6834.
JESUS CHRIST SUPERSTAR
Mon.-Thurs. 8.00. Fri., Sat. 6.00, 8.48.

PALLADIUM. 01-437 7373.
Tonight 7.30. Subs. Evs. 8. Fri. and Sat. 6.15 and 8.45. For one week only
First time together in England
TONY MARTIN and CYD CHARISSE
with the Cyd Charisse Dancers. The Rockin' Berries and full supporting Co.

THEATRES ARE CONTINUED ON PAGE 31

Chairman's Statement

Hartebeestfontein Gol[d] Mining Company Limi[ted]

(Incorporated in the Republic of South Africa)

Higher costs and lower gold p[rice] affect profits: uranium earnings improve: Mr Basil E. Hersov

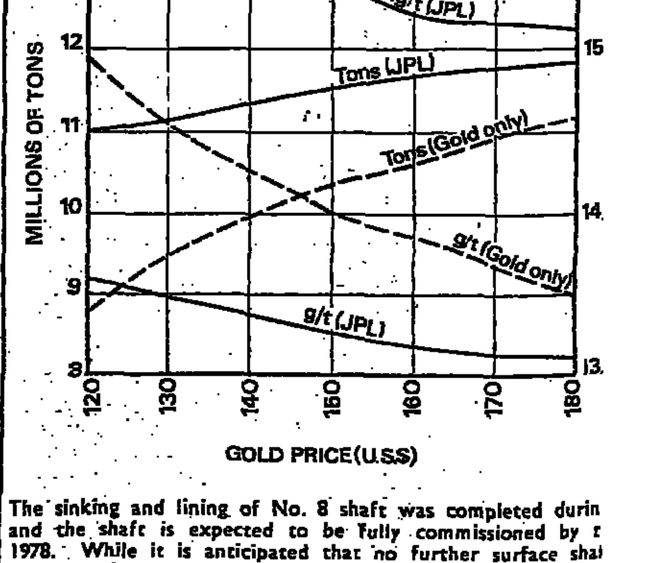
Both tonnage milled and gold grade declined marginally [...] financial year and with a lower average gold price of [...] kilogram (1976 — R3 573 per kilogram) a drop in revenue resulted. Costs continued to increase, although at a lower [...] in the previous year, and profit was consequently lower. [...] tax and State's share of profit was also lower but despite th[...] at R15 511 000 were some R5 million less than in 1976 ar[...] payments were reduced from 190 cents to 135 cents per [...] important factor, mentioned in my 1976 statement, is the ad[...] on cash resources of the increased loan levy imposed by [...] At 30 June 1977 an amount of no less than R8 753 000 ([...] cents per share) had been contributed. Tonnage milled wa[...] tons and the average recovery grade for the year was 11.3 g[...] As a consequence, gold produced dropped from 32 388 ki[...] 1976 to 31 974. The increase in costs from R22.03 to R25[...] milled was 18 per cent (1976 — 22.3 per cent). The '11-shift [...] working arrangement was introduced in April and has re[...] drop in productivity which, while not easy to assess accura[...] stage, approximates to 5 per cent. This is due to reduced [...] on the Saturday shift and hence fewer working places being [...]

Despite higher working costs, results from world uranium open[...] tinued to improve in line with increased world uranium p[...] Company recently obtained a two-year contract for the [...] uranium oxide at a satisfactory price, which includes arrang[...] a loan to the Company of R3 million. Negotiations are [...] secure additional, but longer-term, contracts on similar term[...] successfully concluded, will absorb the major portion of [...] uranium production for the next 10 years. During the year [...] slime treated was supplemented with 35 000 tons of urani[...] material from storage dams. Studies are currently being ma[...] feasibility of increasing the capacity of the uranium plant [...] the absence of a similar increase in the capacity of the gold [...] lead to a greater consumption of stored slimes.

A plant for the production of sulphuric acid is to be erec[...] mine property with an annual capacity of 140 000 tons of [...] scheduled to come into operation in 1980. Part of the pyri[...] for its operation will be supplied by the mine and the bala[...] delivered by the Acid Distribution Committee of the C[...] Mines of South Africa. Portion of the acid produced will [...] the Company's uranium plant, while the balance will be [...] by the Acid Distribution Committee. The unescalated capi[...] the plant is estimated at R9 million and will be financed [...] million uranium loan referred to above and savings resu[...] taxation allowances.

The labour supply was satisfactory during most of the year [...] substantial wage increases granted over the past five yea[...] current economic recession which has resulted in unemp[...] other industries. The mine has become less reliant on for[...] than in the past but as the majority of men contract for [...] turnover has increased. The Company's policy of impro[...] conditions for its black employees continues and consider[...] and cost are being expended in this direction. Last year rel[...] made to the possibility of constructing another hostel [...] employees who will be working at No. 8 shaft. No decisi[...] reached as, initially at least, it may prove more economical [...] transport to No. 8 shaft from the existing hostels than t[...] a separate unit.

Details of the ore reserve are given in the technical advi[...] and it will be noted that the tonnage is marginally higher [...] end of last year. The average stoping width is virtually un[...] 113 cm, the gold value has decreased slightly to 13.3 gra[...] and the uranium grade remains unchanged at 0.23 kilogram p[...] the first time the ore reserve has been computed on a [...] uranium pay limit as uranium profits in future are likely to [...] more to total earnings than in the past. In the areas of [...] grade — particularly in No. 6 shaft area — the uranium c[...] to total revenue could make a significant difference to the [...] ore and hence to the mine's life. The graph indicates th[...] using a joint pay limit (JPL).



The sinking and lining of No. 8 shaft was completed durin[g ...] and the shaft is expected to be fully commissioned by [...] 1978. While it is anticipated that no further surface sha[...] required, the incidence and magnitude of faulting in the ar[...] Nos. 6 and 7 shafts may make it necessary to provide on[...] small sub-vertical shafts to ensure efficient mining of the [...] mentioned last year, with the gradual exhaustion of ore in t[...] part of the mine, the centre of operations is moving [...] Accordingly it is planned to increase the milling capacity of [...] situated at No. 7 shaft from its present monthly maximum [...] tons to about 120 000 tons by the installation of a new tub[...] ancillary equipment. At the same time the capacity of [...] transfer pipeline to the No. 2 shaft plant will be increa[...] increase in mill tonnage at No. 7 shaft will be balanced by [...] in throughput at the No. 2 shaft mill and there will be a [...] underground tramming costs as progressively larger tonnages [...] in the western section. Although the ore in this area is e[...] have a lower average grade than that in the eastern sectio[...] sultant drop in gold profits should be offset to some extent [...] from the higher uranium grade.

Capital expenditure for the current year was estimated [...] R9 million and included the equipping of No. 8 shaft, [...] amenities for black employees, new ventilation plant and de[...] together with a provision for the sulphuric acid plant. Since [...] construction schedules for the acid plant have become availa[...] indicate that expenditure on this project during the curre[...] likely to be at a greater rate than originally allowed for. [...] increase the total expenditure from R9 to R15 or R16 millio[...]

Production for 1978 is estimated at 2.9 million tons at a g[...] grams per ton. Efforts are being made to increase produc[...] contain costs, but substantial increases have taken place, [...] in such items as electric power charges and wages. Additional [...] is also being worked in an effort to minimise loss of produ[...] to the introduction of the '11-shift fortnight'. Recently the [...] has shown signs of an upward trend and world uranium [...] present remain firm. Continued recession in South Africa and [...] world economy could lead to pressure on currencies and ben[...] improvement in the gold price. While the availability of whi[...] has been barely sufficient to meet present needs, black labou[...] than adequate in numbers and should show an improvemen[...] ductivity. Circumstances at present would therefore seem to [...] favourable than at this time last year, but because of the n[...] variable factors involved, it would not be prudent to make [...] estimates of earnings and dividends.

Basil [...]

18 Au[...]

The Annual General Meeting of the Company will be held at [...] House, 56 Main Street, Johannesburg on Wednesday 19 Octo[...] at 11 a.m.

ENTERTAINMENTS GUIDE (Cont.)

THEATRES

SHAFTESBURY. 01-836 6596-7. ANNA NEAGLE Peter Gale and Anna Sharkey as MAGGIE A musical based on J. M. Barrie's "What Every Woman Knows." Prevs. from 7th Oct. at 8.00. Opens 12th Oct. at 7.00.

SHAW. 388 1394. National Youth Theatre in JULIUS CAESAR LAST WEEK. Evgs. 7.0. Mats. Tues., Wed., Thur., Fri. and Sat. 2.30.

STRAND. 01-836 2660. Evenings 8.00. Mat. Thurs. 3.00. Sats. 5.30 and 8.30. NO SEX PLEASE —WE'RE BRITISH THE WORLD'S GREATEST LAUGHTER MAKER

ST. GEORGE'S ELIZABETHAN THEATRE. Tufnell Park. Evgs. 7.30. Mat. Sat. 2.30. THE MERRY WIVES OF WINDSOR "Shakespeare as good as Ben Travers." D. Tel. Box Office 01 609 1198.

ST. MARTIN'S. CC. 836 1443. Evs. 8.00. Mats. Tuesday 2.40. Saturdays 5 and 8. AGATHA CHRISTIE'S THE MOUSETRAP WORLD'S LONGEST-EVER RUN 25th YEAR

TALK OF THE TOWN. CC. 01-734 5051. From 8.15 Dng. Dncg. 9.30 Super Review RAZZLE DAZZLE and at 11 p.m. TONY MONOPOLY

THEATRE UPSTAIRS. 730 2554. Prevs. from Fri. at 8. "Tuff" by Billie Brown.

VAUDEVILLE. CC 836 9988. Opens Wed. at 7. Subs. 8. Sat. 5. 8. Tues. 2.45. Dinah Sheridan Dulcie Gray Eleanour Summerfield James Grout A MURDER IS ANNOUNCED by AGATHA CHRISTIE

VICTORIA PALACE. CC. 01-834 1317. OPENING TOMORROW at 7.30. Subs. Mon.-Fri. Evgs. 8.0. Sat. 6.0 and 8.45. INGRID PITT NICK TATE EUNICE GAYSON TIM BARRETT DON'T BOTHER TO DRESS A New Comedy by NEVILLE SIGGS.

WAREHOUSE. Donmar Theatre, Covent Garden. 836 6808. ROYAL SHAKESPEARE COMPANY Tonight 8.00—C. P. Taylor's BANDITS (not suitable for children) "A masterpiece." Financial Times. Tomor.—Howard Barker's THAT GOOD BETWEEN US. All seats £1.50. Advance bkgs Aldwych Th. Seats day of perf. Aldwych until 1.00 then Warehouse. Students £1 day of perf. from Warehouse.

WESTMINSTER. 834 0283. Evs. 8. Sats. 5.30 and 8.15. Mat. Wed. 3. BARBARA MULLEN JOYCE HERON. JULIAN HOLLOWAY ARSENIC AND OLD LACE Classic Comedy thriller for all the family. London's funniest revival.

WHITEHALL. CC. 01-930 6692-7765. Mon.-Fri. Eves. 8.15. Sat. 7.0 and 9.0. FIONA RICHMOND "Incredible acting talent." E. Std. "DIVINE, a performance of outrageous splendour." DT. in THE OUTRAGEOUS COMEDY WOMEN BEHIND BARS with SWEET WILLIAM "upstaging everything in sight." F.T. and HIGH POWER CAST. Should have Mary Whitehouse rushing to the barricades to protect the purity of the nation.

WINDMILL THEATRE. CC. 437 6312. Twice nightly at 8.00 and 10.00 PAUL RAYMOND presents RIP OFF THE EROTIC EXPERIENCE OF THE MODERN ERA Takes to unprecedented limits what is permissible on our stage." Evg. News. You may smoke and drink in the Auditorium.

THEATRES

WYNDHAM'S. 836 3028. Mon.-Fri. 8.00. Sat. 5.15 and 8.30. Matinees Wed. 3.0 Maggie Fitzgibbon, Gay Soper, David Firth and Robin Ray in the "BRILLIANT MUSICAL ENTERTAINMENT." People. SIDE BY SIDE BY SONDHEIM "GO TWICE," S. Morley, Punch. "GO THREE TIMES.." S. Barnes. NYT. Trans. to Garrick Theatre on Oct. 4.

WYNDHAM'S. CC. 836 3028. Transfers from Royal Court Th. on Oct. 4. "ENORMOUSLY RICH. VERY FUNNY," Times. Mary O'Malley's smash-hit comedy ONCE A CATHOLIC "Sure-fire comedy on sex and religion." Daily Telegraph.

CINEMAS

ABC 1 & 2. Shaftesbury Ave. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1: THE EXORCIST II . . . THE HERETIC (X). Wk. and Sun. 2.00. 5.20. 8.20. 2: A STAR IS BORN (AA). Wk. & Sun. 2.00. 5.10. 8.10. 70mm. Stereo Sound.

CAMDEN PLAZA, Camden High St., N.W.1 (opp. Camden Town Tube). 485 2443. Hitchcock Double Bill THE 39 STEPS (A) 2.55 6.05 9.20 and THE YOUNG AND THE INNOCENT (A). 1.25 4.30 7.45 TILL WED., 21 SEPT.

CURZON, Curzon Street, W.1. 499 3737. ROBERT ALTMAN'S 3 WOMEN (AA). At 1.50 (not Sun.) 4.0. 6.15 and 8.40.

LEICESTER SQUARE THEATRE. (930 5252) A BRIDGE TOO FAR (A). Sep. progs. Wk 3.00. 7.45. Seats bkble for 7.45 p.m. prog. Mon.-Fri. and all progs. Sat. and Sun. except late shows.

ODEON, Leicester Square. (930 6111.) NEW YORK, NEW YORK (A). Sep. Progs. Wk 1.25. 4.30. 8.00.

ODEON, Marble Arch. (723 2011/2.) A BRIDGE TOO FAR (A). Sep. progs. Wk. 3.00. 7.45. Advance booking 7.45 perf. Mon.-Fri. Both perfs. Sat. and Sun.

PRINCE CHARLES, Leic. Sq. 437 8181. Fellini's CASANOVA (X). Sep. Perfs. Dlv. (inc. Sun.) 1.30. 5.00. 8.30. Late Show Fri. and Sat. 11.45. Seats Bkble. (except 1.30 perfs.). Box Office Dly. 10-8. Sun. 2.30-8. Licensed Bar.

SCENE 1 AND 4. Leic. Sq. (Wardour St.). 439 4470. SCENE 1. THE STREETWALKER (X). Progs. 1.20. 3.25. 5.25. 7.30. 9.30. Late Show Fri. and Sat. 11.35. SCENE 4. The Original EMMANUELLE (X). Progs. 1.05. 3.40. 6.15. 8.50. Late Show Fri. and Sat. 11.25.

STUDIO 1. Oxford Circus. 437 3300. THE MESSAGE (A). Arabic Version Sep Perfs. Seats bkble. 12.00. 3.45. 7.30 Sun. 3.45. 7.30.

STUDIO 2. Oxford Circus. 437 3300. THE MESSAGE (A). English Version. Sep. Perfs. Seats bkble. 12.30. 4.15. 8.00. Sun. 4.15. 8.00.

CLUBS

EVE. 189. Regent Street. 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45. 12.45. 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69 Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW THE GREAT BRITISH STRIP show at Midnight, also 1 a.m. Hostesses. Mon.-Fri. Closed Saturdays 01-437 6455.

APPOINTMENTS

De La Rue job for D. A. Moore

Mr. D. A. Moore has been *appointed deputy chief executive* of the DE LA RUE COMPANY, having relinquished the non-executive chairmanship of Formica International. Mr. P. H. Balmer has become secretary of the De La Rue Company on the retirement of Mr. J. W. Finn.

★

Mr. D. M. Culver has been elected president of ALCAN ALUMINIUM of Montreal, *succeeding Mr. P. H. Leman*, who has become vice-chairman of the Board. Both appointments are effective October 1. As from January 1, Mr. P. J. J. Rich will be regional executive vice-president, western hemisphere, and area general manager in Canada, the U.S. and the Caribbean, succeeding Mr. Culver in that position. He will retain his responsibilities for Latin America. Also from January 1, *Aluminum Company of Canada* has elected Mr. Rich president and chief executive officer, and Mr. Culver chairman of that company. Mr. E. F. West has been made Alcan Aluminium's regional executive vice-president, Europe, the Near East and Africa from the beginning of next year. On *that date Mr. R. E. Grote, Jr. will* become chairman and Mr. R. A. Gentles, president and chief executive officer, of the Alcan Group's U.S. company, Alcan Aluminum Corporation. Mr. Gentles will also succeed Mr. West as area general manager, U.S. *Two other senior officers of Alcan* Aluminium continue with unchanged responsibilities, Mr. J. H. Hale as executive vice-*president*, finance, and Mr. E. A. Trigg as regional executive vice-president, the Middle East, Asia and South Pacific.

★

BRITISH AEROSPACE has made the following appointments: Mr. A. C. Buckley becomes *assistant secretary, British Aerospace*. He continues as secretary of British Aircraft Corporation and of British Aircraft Corporation (Holdings). Mr. R. J. Raff has been made financial director, Dynamics Group of British Aerospace. He remains financial director BAC Guided Weapons Division and a director of British Aircraft Corporation. Mr. R. H. Sawyer is now financial director Aircraft Group of British Aero*space. He relinquishes his* position as finance director of BAC Military Aircraft Division and is succeeded by Mr. J. Glover, at present the division's financial controller. Mr. V. H. Lidstone takes over as secretary of the Aircraft Group of British Aerospace in addition to his post as secretary of Hawker Siddeley Aviation.

★

Mr. J. D. F. Miller has been appointed to the board of COATS PATONS. Mr. Miller, who joined the company in 1958, will continue to be responsible for personnel and *industrial relations*.

Mr. J. K. Robson has been appointed director, marketing planning, of the PERKINS ENGINES GROUP. Mr. Robson was previously co-ordinator, product planning.

★

Mr. Jack Berner has retired from RANK FILM LABORATORIES on medical advice. Mr. Roy Login, who was recently promoted to the Board as director of *operations*, will *undertake the* responsibilities vacated by Mr Berner, who was appointed general manager in 1970, having joined the Board in 1969.

The Caledonian Trust Company Limited

		1977	1976
Equity shareholders' interest		£35,288,704	£30,364,177
Asset value per share		95.7p	82.4p
Revenue attributable to ordinary shareholders		£588,377	£518,881
Ordinary shares ranking for dividend		35,325,371	34,788,522
Earnings per ordinary share		1.67p	1.49p
Ordinary dividend per share	interim	0.50p	0.50p
	final	1.10p	0.90p
Capitalisation issue in B ordinary shares		1.77723%	1.69972%

In his Chairman's Statement dated 24 August 1977, Mr J. A. Lumsden comments as follows:

FUTURE OUTLOOK

In the USA fears of reduced growth in economic activity, combined with an adverse balance of trade, have depressed stock markets, while in Japan, increased uncertainty in regard to export markets has recently had some adverse effects. In the UK, however, there is an increased confidence as the benefits of North Sea oil, which will transform the UK balance of payments situation, begin to come through.

While confidence in the UK is increasing, there still remains an element of uncertainty. Our rate of inflation is still high, but is now beginning to come down slowly. The strength of sterling, the reductions in public expenditure, the fall in commodity prices, and the curtailment of wage and salary increases during the past two years should moderate price rises and bring the rate of inflation lower. If on the other hand the end of the incomes policy leads to wage and salary increases greater than the economy can support, then inflationary pressures will rise again with serious consequences. It is to be hoped that moderation in wage claims will prevail, in which event the outlook for the UK stock market should continue favourable.

DIVIDEND POLICY

It is our aim to achieve a steady growth in dividends, and I anticipate a further improvement in dividend in the current year. An increase in the interim dividend from 0.5p to 0.6p is now recommended by the Board.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 10 October 1977 at 11.00 a.m. at 175 West George Street, Glasgow G2 2LD.

MANAGED BY MURRAY JOHNSTONE LIMITED.

The British Electric Traction Company, Limited

BET GROUP

Sir John Spencer Wills forecasts another record year

nt Figures	Year to 31st March 1977 £'000	1976 £'000
: before taxation	55,310	42,175
ion	30,144	23,220
: after taxation inority interests	19,550	14,295
red Ordinary Dividends	7,478	6,678
of Dividend per eferred Ordinary Share	5·168p	4·653p
ngs per Deferred ary Share	13·4p	10·0p

wing are extracts from the Review of the Chairman, Sir ncer Wills, which has been circulated with the Report and : for the year ended 31st March 1977.

ounts

-tax profit for the year to 31st March 1977 of £55·3 vas a record and compares with £42·1 million for the year.

exception of Wembley Stadium, which had to bear sub- increased interest charges in connection with its build- opment programme and heavy repair and maintenance ost sectors of the Group contributed towards this im- erformance. Excellent profits were achieved by Advance s, Argus Press, Boulton & Paul, Thames Television and ransport, while Humphries Holdings and Murphy Bros. wed substantial recovery.

the results presented in the consolidated accounts can *dered a satisfactory showing*, the economic outlook and to beat inflation call for even greater efforts to raise vity and increase operational efficiency. The manage- our companies are fully aware of this but, throughout the pursuit of these two aims is becoming increasingly because of the present Government's belief that it is alified to run industry than those who have made it their eturns and questionnaires proliferate and a vast amount has to be spent in studying and trying to understand an easeless stream of legislation, Government papers of colours, Committee of Inquiry reports and the like, not a hich reflect the dogma of the more extreme political left. eview three years ago, I referred to industrial profits as lood of the nation. Without an adequate level of profits, ok is unfavourable for employment and our standard of ip service is indeed paid to the need for a vigorous and e private sector of industry but lip service is not enough.

ting and Publishing

ress Holdings increased its pre-tax profit from £436,000 to a record £934,000 in 1976. Electrical Press increased x profit from £190,000 to a record £317,000. lishing operations of Argus Press Holdings and Electrical e being steadily expanded by launches and acquisitions. rrently include three groups of weekly newspapers in and the surrounding counties—a total of 32 newspaper nd 47 magazines which range widely in subject matter neral interest and hobbies to publications for trade and

ance to date in the current year, together with anticipated f development in progress, justify expectation of further ory profit.

amation and Disposal

Reclamation and Disposal reduced its pre-tax loss from figure of £218,000 to £131,000. In 1976, the year under he loss was further reduced to £79,000. r I referred to the technical problems associated with the n of Re-Chem International's waste treatment centres at ol in South Wales and Roughmute in Scotland. Although to reduce materially *the operating* losses in 1976, there an improvement on the technical side in recent months; ve are not yet wholly out of the wood, a more reliable d of operation is currently being achieved. ation and Disposal's other subsidiary, Biffa Holdings, s engaged in general waste disposal and the supply of materials, continued its steady growth in 1976 and again ecord profits.

Advance Laundries

The gratifying improvement in Advance Laundries' results continued during 1976, when a pre-tax profit of £3·45 million was earned. This compares with a profit of £2·55 million in 1975 and is more than double the £1·66 million recorded in 1974.

The Towelmaster Service, which is the Advance group's major profit earner, maintained its popularity and further useful progress was made by the Airmaster air freshening service and the Dustmaster mat hire service.

Advance Laundries is expected to show a further improvement in profit in 1977. The pace of the past two years has been such, however, that it would be unrealistic to expect anything like that *rate of progress to be maintained.*

Humphries Holdings

There was a marked improvement in the results for the year to 31st March 1977. The group loss, before taxation and extraordinary items, was reduced to £35,000 compared with £832,000 *for the previous year. The year's results were affected by further* redundancy payments which cost the group £95,000.

The largest factor in the improvement was the reduction from £771,000 to £148,000 in the loss incurred by Humphries Film Laboratories. The drastic reorganisation of this company has achieved a return to profitability since September 1976.

Problems still remain to be solved in the Humphries Holdings group but the management is expecting a further overall improvement this year which should see a return to profit.

Canadian Motorways

Canadian Motorways' results for 1976 were marginally down on the record results of the previous year although, due to the depreciation of the pound in relation to the Canadian dollar, profits expressed in sterling showed an increase from the 1975 figure of £1·24 million to £1·48 million in 1976.

The whole Canadian economy is affected by the Government's anti-inflation regulations, designed to limit incomes, prices and profits, and Canadian Motorways' business did not escape the impact of the measures.

Because of the damaging effect of the regulations on business activity there has been less traffic to date in 1977. Under the present economic climate, Canadian Motorways will do well this year to match its 1976 results.

United Transport

Growth, both in the United Kingdom and overseas, has resulted in a substantial advance in United Transport's profits. Excluding a currency profit of £2·29 million, compared with a loss on that account of £115,000 in 1975, the pre-tax profit for 1976 was £15·34 million, against £12·24 million in 1975.

Although the recovery in general trade at home has lagged behind expectation, much improved results were obtained by a number of companies, including the International Ferry Freight container operating company, the Smith of Maddiston and Jameson road freight companies and the road tanker operations carried on by the Bulwark United Transport group.

The record results achieved by overseas companies reflect in particular advances made in South Africa and Europe.

In Southern Africa, development has been confined to existing transport companies which have extended operations successfully, despite difficult conditions. Freight operations in Europe achieved record turnover and profit levels. Trading conditions were difficult for the group's bus companies in East Africa and freight operations in Australia. However, United Transport's touring companies showed improved profits in both the South Pacific and East Africa.

Growth has continued in the current year and a further increase in profit is expected.

Plant Hire

All sectors of the Group's plant hire business experienced difficult trading conditions throughout the year but, nevertheless, the total pre-tax profit amounted to £4·13 million against *£4·10* million for the previous year.

J. D. White, whose revenue is earned from the hire of truck-mounted cranes, including some very large capacity cranes, returned a profit of £1·24 million, a modest increase of £41,000 over the previous year's record figure.

Grayston's profit of £1·77 million was slightly lower than the record achieved in the previous year, due to a rapid deterioration of the work-load experienced by the Dutch and South African subsidiaries in the second half of their financial years.

A pre-tax profit of £1·12 million earned by Eddison Plant was an increase of £85,000 over the previous year. Demand for forklift truck hire started to improve in the second half of the year and has accelerated in more recent months.

Utilisation of equipment throughout the plant hire division was satisfactory but, with the possible exception of forklift trucks, hire rates continued to be depressed.

Tough trading conditions are likely to prevail for some time ahead but it is not expected that the overall profit from our three plant hire companies for the current year will show any substantial diminution.

Murphy Bros.

During the year ended 31st December 1976, Murphy Bros. incurred a pre-tax loss of £222,000 compared with the previous year's loss of £3·26 million. There was a return to profitability in the United Kingdom operations, but trading in Germany continued to be unrewarding.

In last year's Review, I stated that the problems of the German civil engineering company, Junk & Gruber, had still to be satisfactorily resolved. *This company continued to incur considerable* losses on two major long-term autobahn contracts and in view of this, it was decided to withdraw from this activity, and the German company was sold for a nominal consideration before the year-end.

In Murphy Bros.' principal United Kingdom activity of opencast mining, 968,000 tons of coal were recovered on behalf of the Opencast Executive of the National Coal Board, and this was achieved at an overall profit. In this activity a reasonable continuity of work is secured for the current year but the programme has been affected by the exceptionally wet winter.

Rediffusion Television

The pre-tax profit of Rediffusion Television for the year ended 29th July 1976, including the whole of the profit of Thames Television for its year to 30th June 1976, was £8·95 million compared with £6·5 million for the previous twelve months. Thames' increase in profit was due to a considerable improvement in advertisement revenue. The company also achieved a marked improvement in the sale of its programmes outside the United Kingdom. The profit, after tax and minority interests, of Rediffusion Television, which has a 50 per cent interest in Thames Television, was £3·05 million compared with £2·33 million for the previous year.

Thames Television's revenue from advertisements and sales of programmes has continued to improve and the company's profit is expected to be significantly greater for its year to 30th June 1977. This improvement in profit will be reflected in Rediffusion Television's accounts to 29th July 1977, which will be consolidated in B.E.T.'s Accounts for the current year.

Rediffusion Holdings

Compared with the pre-tax loss of £231,000 in 1975/76, Rediffusion Holdings incurred a loss of £2·24 million, before taxation, in the year to 31st March 1977, due largely to the substantial increase in the amount of interest incurred by one of its subsidiaries, Wembley Stadium Limited, in connection with the financing of its major building development programme.

The building work at Wembley on the new Conference Centre, office block, car parks and overhead walkways is now almost complete, and the whole office block has been satisfactorily let to one substantial tenant.

The Conference Centre was officially opened by H.R.H. the Duke of Kent on 31st January 1977. It has already attracted bookings for events of many different kinds. The Eurovision Song Contest in 1977 was staged by the BBC in *the main auditorium of the* Centre.

Rediffusion Holdings' other main operating subsidiary, Walport, which provides film and closed-circuit television entertainment on ships and aircraft, had another successful year and increased its profit.

Boulton & Paul

In the year to 31st March 1977, Boulton & Paul achieved a record profit of £6·78 million, before tax, exceeding the company's previous best performance of £5·1 million in 1973/74.

The joinery department and Stephens and Carter, which specialises in the manufacture, sale and hire of scaffolding equipment and ladders, increased their shares of their respective markets, as did Bijstede, the Dutch subsidiary which is in the same general line of business as Stephens and Carter. The results of the structural steel subsidiary benefited from the completion of several major contracts.

As to the current financial year, only a real increase in activity in the building industry, particularly house building, is likely to bring any material improvement in Boulton & Paul's profits. Should there be no such upturn in demand, the management of Boulton & Paul are nevertheless hopeful that by even greater production efficiency and market penetration, some increase on the 1976/77 level of profit will be possible.

Rediffusion

Rediffusion's profit, before tax, for the year to 31st March 1977, at £16·47 million, showed only a marginal increase on the previous year's figure.

Under conditions by no means favourable to growth, its television business and related activities made satisfactory progress, contributing 11 per cent more trading profit than in the previous year.

Rediffusion's television set factories, which suffered severe cut-backs last year, are now operating on reasonable levels of production. A new generation of colour television sets has been designed and the first of the new models came into production early in 1977, embodying the latest precision 'in-line' tube technology and many other technical improvements.

Rediffusion now has more colour television subscribers renting aerial sets than cable sets, although the numbers of both showed a satisfactory increase over the year.

Capital Radio, in which Rediffusion has a 17·5 per cent interest, earned a good profit for its year to 30th September 1976, on a turnover which was double that of the previous year.

Among the Redifon companies, which make electronic capital equipment, Redifon Computers was the only one to surpass its achievement of the previous year. It did extremely well. Redifon Flight Simulation would also have done well, but for a serious overspending on a major, and technically successful, contract for the United States Air Force. The outlook for the Flight Simulation company remains very good and it has an excellent order book. The expected recovery by Redifon Telecommunications did not materialise. It has been necessary to initiate a major reorganisation of its operations, which cannot be expected to make a profit this year.

In Hong Kong, during the past year, total television advertising revenue increased by about 50 per cent. Rediffusion Television of Hong Kong ('RTV'), in which Rediffusion Limited has a 64 per cent shareholding, increased its own revenue by a similar factor. Unfortunately the operating costs of the television industry in Hong Kong continued to rise. As a result, despite substantially improved revenue, RTV made an operating loss almost as large as in the previous year. Because of the weakness of the pound the sterling equivalent of the loss, included in the consolidated accounts, is in fact larger than the previous year's loss.

Rediffusion's Canadian subsidiary, Delta-Benco-Cascade, which makes cable-television equipment, had another disappointing year as the expected upturn in business did not materialise.

Overall, Rediffusion's other overseas subsidiaries produced satisfactory results.

The Outlook

Last year saw B.E.T. well on the way to the solution of the problems which have for some time beset Humphries Holdings and Murphy Bros; these two companies have made substantial progress and look set to move into profit in the current year. The technical difficulties encountered in establishing Re-Chem's industrial waste disposal business would also seem to have been largely overcome. I have mentioned in this Review certain operations which still present problems but, as regards the B.E.T. Group as a whole, there is no reason why we should not show continued overall progress. I therefore expect a further increase in profit this year but, as we have yet to see the effect on wage settlements of the ending on 31st July last of Phase 2 of the Government's voluntary pay policy, I am not prepared to attempt a forecast of the extent of the increase.

The Annual General Meeting of The British Electric Traction Company, Limited will be held on 13th October 1977, at the Connaught Rooms, Great Queen Street, London, W.C.2.

Copies of the Report and Accounts, containing the Chairman's Review, can be obtained from the Secretary (FT), Stratton House, Piccadilly, London, W1X 6AS.

WALL STREET + OVERSEAS MARKETS + CLOSING PRICES

EUROBONDS BY MARY CAMPBELL

Consolidation at lower levels

THE EUROBOND market heaved a sigh of relief on Friday after the announcement that the U.S. money supply had not risen in the latest reporting week. Prices were marked up an eighth, where changed, to recoup some of the ground lost earlier in the week. The fact that a number of U.S. banks pushed up their prime rates to follow Chase Manhattan's earlier move to from 7 to 7¼ per cent. passed without effect.

The basic story last week in the dollar sector was heavy trading activity at the beginning of the week one way—selling. The market had reacted surprisingly calmly the previous Friday to the previous week's news of a sharp rise in the U.S. money supply but seemed to move all the faster to compensate on Monday and Tuesday. On Wednesday stabilisation started and by Friday, after the encouraging money supply figures, the new levels appeared to be firmly consolidated.

The net result of these developments was that Eurobond yields are about ten basis points higher than on Thursday September 8, the day before the slide in prices began, almost regardless of maturity. Over the same period, the seven-day Eurodollar inter-bank rate has moved up 25 basis points, the six month rate by 37 basis points, and the one year rate by 12 basis points. Unless short term inter-bank rates fall back again, it looks as though the yield gap has been further eroded.

In previous similar situations they have fallen back again, but not by enough to recreate a yield gap of the same dimensions as before the rise took place.

The yield structure for prime borrowers now looks something as follows (taking the Financial Times London inter-bank rate and the maturity yields of some prime quality recent bond issues calculated on the offer price):

Seven days	6.37
Three months	6.62
Six months	7.00
One year	6.87
Three years	7.00
Five years	7.50—7.65
Seven years	7.65—7.90
Ten years	8.25—8.35
15 years	8.35—8.65
20 years	8.76

These figures are of course only approximations—in the case of the three-year figure and the 20-year figure there is only one issue in each case (Oesterreichische Kontrollbank and the European Coal and Steel Community respectively).

A particular feature of last week's developments was the high-level of turnover in the dollar sector. Euroclear reported turnover in U.S. dollar bonds of $2.287bn. last week compared with $578m. the previous week (and a weekly average of $1bn. this year). The increase in the Cedel figures was even more remarkable—it reported $1.824bn. worth of turnover in U.S. dollar bonds, up from $316m. the previous week.

The sharper rise in the Cedel figure would seem to give some credence to the argument that last week saw more client selling than in some previous bouts of falling prices this year since Cedel clears a considerably smaller proportion of traders' transactions than Euroclear. On the other hand all traders were agreed that professionals' lightening their books was the main factor behind the price falls early in the week (and professional short-covering for the rises on Friday).

The Bondtrade index for medium-term issues fell from 102.81 to 102.64 and the index for long-term issues from 96.25 to 96.07 between September 9 and 16.

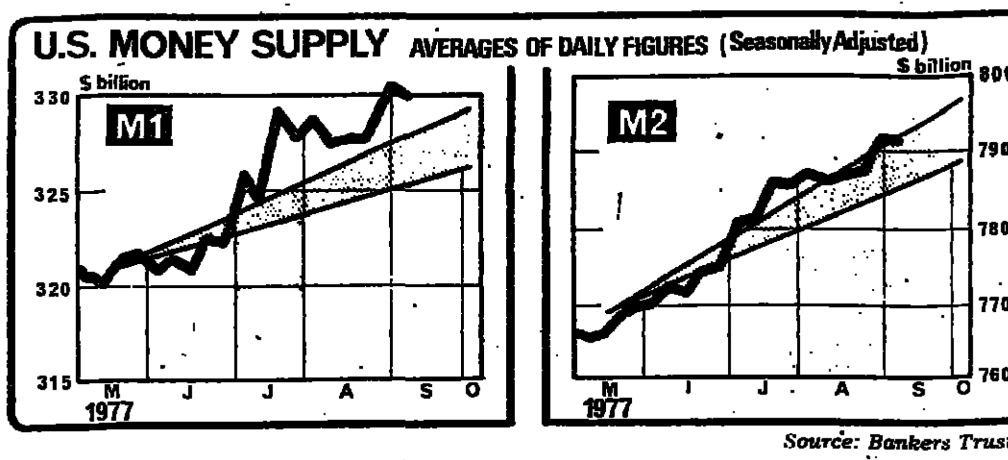
A major subject for discussion among dealers last week was the invitation from Eurex, the computerised trading system for Eurobonds which is to be incorporated in Luxembourg this week, to subscribe to shares in the system. The cost of the subscription is reportedly about £6,000 and each transaction would cost about $6.50, neither of which figures are regarded as expensive by Eurobond traders.

The dilemma for the traders is that they do not wish the system to by-pass them—as Ariel has done for the British stock exchange; on the other hand, many feel that it offers them little and could indeed reduce their business even if they were to join.

One major market maker so far, Kidder Peabody, has come out publicly in favour of the system. The rest at least of the London dealers are not so sure, with some absolutely negative.

The subject will be the top of the agenda for a meeting of the London region of the Association of International Bond Dealers to be held on November 7. It seems that Eurex is keen to want answers well before then—and although it is not yet incorporated this week, it hopes traders do not seem to have received the invitation—the founder subscribers list this week.

U.S. MONEY SUPPLY AVERAGES OF DAILY FIGURES (Seasonally Adjusted)



Source: Bankers Trust.

CURRENT EUROBOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager
U.S. DOLLARS						
†ECSC	100	1997	13.9	8½	100½	S. G. Warburg
†ECSC	50	1989	9.8	8½	100½	S. G. Warburg
‡Consolidated Bathurst	25	1992	10.8	9	99½	Orion, Dresdner
‡§Sumitomo Electric Ind.	20	1992	‡	6	100	Daiwa, Kuhn Loeb
‡Indust. Fund of Finland (state g'tee)	25	1987	6.85	8½	100	West LB
‡Denki Kagaku Kogyo (g'teed Dai-Ichi Kangyo)	20	1982	Bullet	7½	discount	Nikko, Merrill Lynch, Schroder
‡Natomas Intl.	30	1984	6	8	*	Swiss Bank Corp, Salomon
CNT (g'teed France)	75	1989	‡	8¼	*	Deutsche, UBS
§Babcock & Wilcox	35	1992	—	7	100	Orion
Keppel Shipyard	15	1984	‡	8½	discount	Daiwa
†Banque Nationale d'Algérie	30	1982	Bullet	7¾	100	KIC, BNP
Western Mining	40	1992	11.66	9	*	S. G. Warburg
D-MARKS						
‡World Bank	300	1985	Bullet	6	100	Deutsche
‡**World Bank	150	1982	Bullet	5½	100	Deutsche
‡Argentina	100	1984	Bullet	7¼	99½	Deutsche
Crédit National (g'teed France)	150	1987	8	6		Dresdner
‡Austrian Girozentrale	100	1982	Bullet	5½	100½	West LB
Banco Nacional de Obras	150	1984	Bullet	7	discount	Dresdner

‖ Minimum * Not yet priced ‡ Final terms § Convertible ** Placement ¶ Purchase Fund † Floating rate

Indices

NEW YORK—DOW JONES

	Sept. 16	Sept. 15	Sept. 14	Sept. 13	Sept. 12	Sept. 9	1977 High	1977 Low	Since compil'tion High	Since compil'tion Low
Industrial	856.81	860.79	858.71	854.56	854.38	857.07	999.75 (3/1)	854.12 (25/8)	1051.70 (11/1/73)	41.22 (2/7/32)
H'meB'nds*	93.75	93.70	93.71	93.74	93.73	93.82	95.87 (7/9)	90.68 (7/3)	—	—
Transport	215.18	215.96	216.08	214.21	214.39	216.64	246.64 (18/5)	214.21 (13/9)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	112.63	112.25	112.23	112.04	112.53	112.50	118.67 (22/7)	104.97 (25/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	18,549	18,230	17,330	14,900	18,700	18,100	—	—	—	—

* Basis of index changed from August 24.

Ind. div. yield %	Sept. 9	Sept. 2	Aug. 26	Year ago (approx.)
	5.25	5.16	4.25	3.87

STANDARD AND POORS

	Sept. 16	Sept. 15	Sept. 14	Sept. 13	Sept. 12	Sept. 9	1977 High	1977 Low	Since Compilat'n High	Since Compilat'n Low
*Industrials	106.21	106.64	106.34	106.82	106.72	106.09	118.92 (3/1)	105.88 (26/8)	134.64 (11/1/73)	6.52 (30/6/32)
†Composite	96.48	96.80	96.55	96.09	96.03	96.67	107.00 (3/1)	96.05 (12/9)	120.85 (11/1/73)	4.40 (1/6/32)

	Sept. 15	Sept. 7	Aug. 31	Year ago (approx.)
Ind. div. yield %	4.60	4.53	4.59	3.49
Ind. P/E Ratio	9.56	9.71	9.86	11.82
Long Govt. Bond yield	7.58	7.54	7.55	5.22

N Y S. E. ALL COMMON

Sept. 16	Sept. 15	Sept. 14	Sept. 13	1977 High	1977 Low
52.79	52.94	52.79	52.56	57.07 (4/1)	52.54 (12/9)

Rises and Falls Sept. 16

Issues Traded—1,849 Up—641
Down—715 Same—493
New Highs—22 New Lows—40

		Sept. 16	Sept. 15	Sept. 14	Sept. 13	1977 High	1977 Low
MONTREAL	Industrial	167.88	167.87	168.15	168.04	186.47 (17/3)	167.50 (12/9)
	Combined	174.11	174.36	174.45	174.21	187.66 (19/1)	171.64 (27/6)
TORONTO	Composite	1003.2	1004.2	1005.9	1002.6	1067.4 (19/7)	974.4 (27/6)
JOHANNESBURG	Gold	172.9	176.1	177.6	177.8	192.6 (7/3)	139.4 (24/5)
	Industrials	197.4	199.1	199.0	198.5	199.5 (6/9)	164.1 (2/2/4)

	Sept. 16	Previous	1977 High	1977 Low
Australia (a)	442.59	441.51	469.71 (20/6)	418.96 (16/2)
Belgium (b)	95.25	94.94	99.12 (10/1)	92.61 (20/2)
Denmark (d)	101.00	100.89	107.92 (9/5)	98.95 (8/1)
France (e)	53.2	53.9	68.4 (7/1)	43.6 (10/6)
Germany (f)	776.4	777.1	790.7 (3/6)	712.6 (10/3)
Holland (g)	80.2	80.7	93.2 (4/5)	80.0 (29/8)
Hongkong (h)	434.62	427.49	452.17 (11/6)	413.50 (27/7)
Italy (k)	68.67	68.00	73.71 (5/1)	57.93 (14/6)
Japan (m)	387.61	387.18	390.82 (6/9)	364.70 (7/4)
Singapore (v)	265.32	265.16	268.02 (29/8)	242.28 (3/6)
Spain (p)	69.71	71.06	102.57 (1/3)	69.71 (16/9)
Sweden (q)	327.37	328.65	416.66 (22/3)	306.44 (6/9)
Switzerl'd (r)	313.6	313.9	313.9 (15/9)	280.5 (3/3)

Indices and base dates (all base values 100 except NYSE All Common — 50. Standards and Poors — 10 and Toronto 300-1,000, the last-named based on 1975). (a) Sydney All Ord (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73 (e) Paris Bourse 1961. (f) Commerzbank December 1953. (g) Amsterdam. Industrial 1970. (h) Hang Seng Bank 31/7/64 (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966 (p) Madrid SE 31/12/76 (q) Stockholm Industrials 1/1/58 (r) Swiss Bank Corp. 31/12/58 (u) Unavailable ‡ Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (c) Closed.

GERMANY ♦

Sept. 16	Prices Dm.	+ or —	Div. %	Yld. %
A.E.G.	86.7	—0.5	—	—
Allianz Versich.	443	—1	s18	2.0
BMW	223	—1	20	4.4
BASF	151.4	—0.2	17	5.6
Bayer	137.5	—0.5	16	5.8
Bayer. Hypo.	280	+1	20	3.6
Bayer. Vereinsbk	286	—2	20	2.9
Ciba Int. Neth. wts	219	......	—	—
Commerzbank	203.5	—0.9	18	4.4
Conti Gummi	76.0	—0.5	—	—
Daimler Benz	353.0	—2.5	19	2.4
Degussa	252	—1	18	3.6
Demag	148.7	—1.3	14	4.7
Deutsche Bank	280.0	—1.9	20	3.5
Dresdner Bank	235.0	—0.9	20	4.2
Dyckerhoff Zeint.	153	—2.5	6	1.9
Gutehoffnung	189.0	—2.5	14	3.7
Hapag Lloyd	127	+1.5	12	4.7
Harpener	202	+1.5	9	4.6
Hoechst	135.9	......	16	5.9
Hoesch	45.0	+0.9	4	4.4
Horten	139.5	......	10	3.6
Kali und Salz	124.5	—0.2	9	3.6
Karstadt	373.5	—0.5	y20	2.7
Kaufhof	245.5	......	20	4.0
Kloeckner DM.100	100.7	—0.5	—	—
KHD	168.5	—0.5	12	3.5
Krupp	104	......	—	—
Linde	244.0	—2.5	16	3.3
Lowenbrau	1.610	......	20	1.2
Lufthansa	115.3	—2.3	7	3.0
M.A.N.	185.2	—1.8	14	3.7
Mannesmann	158.5	—0.5	14	4.4
Metallges	238.5	—0.5	10	4.2
Munchener Ruck.	459	—2	18	1.9
Neckermann	119.0	+0.5	—	—
Preus ag	147	—1	7	4.8
Rhein West Elect.	180	—1	17	4.7
Schering	255.5	......	20	3.9
Siemens	276.5	—2.0	16	2.5
Sud Zucker	265	+3	s19	3.7
Thyssen Hutte	123	—1	14	5.6
Varta	185	—1	14	3.8
VEBA	118.9	+0.1	12	5.1
Verein & West Bk.	158.5	+0.5	20	5.7
Volkswagen	190.7	—1.5	10	2.6

JOHANNESBURG

MINES Sept. 16	Rand	+ or —
Anglo American Corpn.	4.50	—0.02
East Driefontein	10.15	—0.15
Elsburg	1.45	—0.03
Harmony	6.10	
Kinross	4.90	+0.03
Kloof	7.08	
Rustenburg Platinum	1.10	—0.02
St. Helena	†12.75	—0.40
Southvaal	5.75	—0.15
Union Corporation	4.75	—0.10
De Beers Deferred	5.05	—0.02
Blyvooruitzicht	5.30	—0.05
East Rand Pty.	3.35	—0.10
Free State Geduld	18.90	—0.28
President Brand	15.75	—0.25
President Steyn	10.60	
Stilfontein	3.70	+0.10
Welkom	3.30	+0.05
West Driefontein	29.60	—1.00
Western Holdings	†25.25	—0.60
Western Deep	†11.50	
INDUSTRIALS		
AECI	2.80	—0.10
Anglo-Amer. Industrial	8.85	
Barlow Rand	3.10	—0.08
CNA Investments	†1.48	
Currie Finance	†0.53	
De Beers Industrial	†8.00	
Edgars Consolidated Inv.	2.05	+0.05
Edgars Stores	†26.00	
EverReady SA	†1.78	
Federale Volksbeleggings	1.70	—0.05
Greatermans Stores	†2.90	
Guardian Assurance (SA)	1.52	
Huletts	2.05	
LTA	†1.50	
McCarthy Rodway	0.58	
NedBank	1.95	—0.02
OK Bazaars	6.90	
Premier Milling	7.10	
Pretoria Cement	3.00	
Protea Holdings	0.57	—0.03
Rand Mines Properties	†1.80	—0.10
Rembrandt Group	3.00	
Retco	0.45	
Sage Holdings	1.25	
SAPPI	1.57	
C. G. Smith Sugar	5.75	
Sorec	0.46	+0.01
SA Breweries	1.04	—0.03
Tiger Oats and Natl. Mlg.	8.50	
Unisec	1.07	—0.01

AUSTRALIA

[illegible]

PARIS

[illegible]

VIENNA

[illegible]

BRAZIL

[illegible]

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £—91% (92%).

NEW YORK

[illegible]

CANADA

[illegible]

AMSTERDAM

Sept. 16	Price Fls.	+ or —	Div. %	Yld. %
Ahold (Fl.20)	98.6	+0.1	24	4.9
Akzo (Fl.20)	26.1	—0.2	—	—
Algem Bnk (Fl.100)	325.0xd	+0.5	22.50	6.8
AMEV (Fl.10)	70.2	+2.2	44	6.3

[illegible]

TOKYO ¶

[illegible]

Source: Nikko Securities, Tokyo.

COPENHAGEN ♦

[illegible]

SWITZERLAND ♦

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

MILAN

[illegible]

STOCKHOLM

[illegible]

a Asked. * Assented. † Bid. ‡ Traded. n New. Stock.

OSLO

[illegible]

SPAIN ▼

[illegible]

TEL AVIV

[illegible]

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax. [illegible]

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

Life Office Ltd.♥ (a)

Tunbridge Wells, Kt. 0892 22271

4. Next dealing day Sept. 21.

Limited 01-351 3466 · Three month Silver 261.1-263.8
free trading on commodity future
commodity futures market for the smaller investor

FINANCIAL TIMES STOCK INDICES

	Sept. 16	Sept. 15	Sept. 14	Sept. 13	Sept. 12	Sept. 9	A year ago
Secs	75.70	75.68	74.83	74.15	73.52	73.15	59.63
[illegible]	75.17	74.59	74.11	73.63	73.11	72.85	59.56
dinary	531.9	544.9	549.2	530.7	524.3	530.1	334.5
[illegible]	128.0	130.9	129.2	128.0	127.4	130.4	114.5
ld	4.97	4.86	4.82	4.93	5.04	4.99	6.72
% (full) (*)	14.82	14.50	14.38	14.71	15.02	14.85	19.80
t) (*t)	9.70	9.91	10.00	9.77	9.57	9.70	7.46
ked	7,778	7,971	8,142	6,467	7,456	8,806	4,227
ver £m	—	144.62	139.39	104.98	71.52	104.79	45.83
ins total	—	27,204	23,625	21,317	20,538	27,064	10,759

10 a.m. 537.4. 11 a.m. 529.7. Noon 533.7. 1 p.m. 529.4.
2 p.m. 530.6. 3 p.m. 533.7.
Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil=9.63.
Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold
5. SE Activity July-Dec. 1942.

HIGHS AND LOWS

1977 High	1977 Low	Since Compilation High	Since Compilation Low
75.70 (16/9)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
75.17 (16/9)	60.49 (4/1)	150.4 (22/11/47)	50.53 (3/1/75)
549.2 (14/9)	357.6 (13/1)	549.2 (14/9/77)	49.4 (26/6/40)
137.4 (7/5)	95.1 (1/2)	442.3 (24/5/75)	(43.5) (26/10/71)

S.E. ACTIVITY

—	Sept. 16	Sept. 15
—Daily		
Gilt-Edged	200.2	180.7
Industries	298.2	303.5
Speculative	41.7	40.3
Totals	177.0	181.4
5-day Av'rage		
Gilt-Edged	194.4	191.5
Industrials	286.2	294.3
Speculative	40.7	40.1
Totals	172.1	176.8

FT—ACTUARIES INDICES

	Sept. 16	Sept. 15	Sept. 14	Sept. 13	Sept. 12	Sept. 9	A Year ago
oup	216.99	221.09	221.95	216.61	214.01	215.22	151.82
[illegible]	243.11	247.54	248.32	242.68	239.36	240.84	148.62
[illegible]	4.89	4.80	4.78	4.88	4.95	4.92	6.89
[illegible]	9.79	9.97	10.03	9.80	9.68	9.76	8.40
[illegible]	221.55	225.25	225.73	220.55	217.64	219.12	139.05

HONG KONG

SINGAPORE

Scottish Widows' Group

PO Box 902, Edinburgh. EH16 5BU. 031-655 6000

Inv.Ply.Series 1	104.8	104.8	+2.0	—
Inv. Ply. Series 2	99.2	104.5	+2.0	—
Inv CashF Sept 16	95.1	100.2	+0.1	—
Ex.Ut.Tr.Sept.7	133.7	139.4		—
Mgd.Pens Sept.14	256.6	253.0	+5.2	—

Windsor Life Assur. Co. Ltd.

1 High Street, Windsor Windsor 68144

Life Inv. Plans	68.1	71.7	+5.2	—
Future Assd Gth(a)		37.0		—
Future Assd Gth(b)		47.0		—
Ret. Assd Pens		£24.24		—
Flex. Inv. Growth	103.4	109.2		—

NOTES

Prices do not include $ premium except where indicated ♦ and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CLIVE INVESTMENTS LIMITED

1 Royal Exchange Ave., London EC3V 3LU. Tel: 01-283 1101
Index Guide as at 13th September, 1977 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	124.23
Clive Fixed Interest Income	112.88

CORAL INDEX: Close 533-538

INSURANCE BASE RATES

† Property Growth	8¼%
Cannon Assurance	4¼%

† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
15M	15N	Treasury 3pc '77‡‡	99$\frac{3}{32}$	12.4	3.01	5.41
20J	20D	Transport 4pc '72-77	99$\frac{3}{32}$	16.5	4.02	5.57
15S	15M	Treasury 9pc 1978‡‡	101$\frac{1}{4}$xd	9.8	8.86	5.76
14J	14Ju	Treasury 10½pc '78‡‡	103$\frac{5}{8}$	8.7	10.13	5.36
26M	26S	Exch. 5pc '76-78‡‡	99¼xd	22.8	5.04	5.77
9S	9M	Treasury 11½pc '79‡‡	106¼xd	31.1	10.77	6.63
17M	17S	Treasury 3pc '79‡‡	97xd	11.8	3.09	4.59
26M	26S	Electric 4¼pc '74-79	98xd	22.8	4.34	5.32
1M	1N	Treasury 10½pc '79‡‡	105$\frac{7}{8}$	25.5	9.92	7.41
15M	15N	Electric 3½pc '76-79	96	12.4	3.65	5.48
3S	3M	Treasury 9pc 1980‡‡	103¼xd	23.7	8.72	7.54
14N	14M	Treasury 9½pc '80‡‡	103¾	25.8	9.16	7.99
15D	15J	Treasury 3½pc '77-80	95	9.5	3.68	5.48
15D	15J	Funding 5¼pc '78-80‡‡	96	9.5	5.47	6.27
[illegible]						

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

AMERICANS—Continued

Dividends Paid	Stock	£	Last xd	Div. Gross	Cvr	Y'ld Gr's
Feb My Au No	Tenneco Inc.	22½	9.5	$2.00	—	5.6
June Dec.	Do 10% Ln. Stk. 91-95	142	13.6	10%	—	7.1
J. Ap. Jy. O.	Tesoro Pt. US$0.16⅔	830pxd	15.6	$1.00	—	7.6
Mr.Je S.D.	Texaco $6.25	20¾	5.5	$2	—	6.0
Mr.Ju.S.D.	Time Inc.	24½xd	24.8	$1.30	—	3.3
Ja.Ap.Ju.O.	Transamerica $1	11⅞	30.6	80c	—	4.4
MarJnSpDc	Utd. Tech. $US5	26xd	24.8	$1.80	—	4.4
Mr.Je.S.D.	U.S. Steel $1	22⅞xd	29.10	$2.20	—	6.1
May Aug.	Vetco $0.50	14⅝	26.7	10c	—	0.4
Mr.Je S.D.	Woolworths $3½	14xd	26.7	$1.40	—	6.3
Ap.Jy.O.J.	Xerox Corp. $1	38¾xd	31.5	$1.60	—	2.6
—	Xonics Inc. 10c	656p	—	10c	—	1.0
O.Ja.Ap.Jy.	Zapata Corp. 25c	821pxd	12.9	s30c	—	2.3

S.E. List Premium 27½% (based on $US1.7431 per £)

Conversion factor 0.7849 (0.7836)

CANADIANS

Dividends Paid	Stock	£	Last xd	Div. Gross	Cvr	Y'ld Gr's
Ma.S J.D.	Bk Montreal $2	10⅞xr	25.7	g$1.06	—	5.7
F.My.Au N.	Bk. Nova Scotia $1	13⅛	21.6	86c	—	3.8
A.Jy.O.Ja.	Bell Canada 25c	36xd	9.9	$4.08	—	6.7
May Nov	Bow Valley‖	12¾	9.5	10c	—	0.4
Oct.	Brascan‖	940pxd	25.6	$1.00	—	6.2
F.MyAuN.	Can.Imp.Bk. $2	15¼	22.6	$1.40	—	5.4
July Jan.	Can.Pacific $5	12½	28.6	80c	—	4.0
July Jan.	Do. 4pc Deb. £100	33¾	23.5	4%	—	11.8
J.Ap.Jy.O.	Gulf Oil Can.‖	18⅛xd	29.7	$1.06	—	3.5
Ap.Jy.O.Ja.	Hawker Sid. Can.‖	350p	20.6	36c	—	6.0
F.MyAuN.	Hollinger $5	21xd	27.7	$1.94	—	6.8
Apr. Oct.	Hudson's Bay ‖	10½p	6.5	65c	—	145.1
Jan. July	Hud.B.Oil G. $2½	27¼	24.6	$1.52	—	3.3
Mr.Je.S.D.	Imperial Oil‖	13¾	26.5	86.4c	—	3.7
Jan.Ag.J.O.	Inco	15⅜	27.7	$1.60	—	6.1
F.My.Au N.	Int. Nat. Gas $1	720pxd	11.7	80c	—	6.5
Mr.Je.S.D.	Massey Ferg.‖	11⅝xd	11.7	$1.00	—	5.2
June Dec.	Pacific Pet. $1	22⅜	1.6	86.4c	—	2.3
—	Place Gas $1	42p	—	—	—	—
June Dec	Rio Algom	16½	6.6	$1.00	—	3.6
M.Je.S.D.	Royal Bk.Can. $2	18	18.7	$1.38	—	4.5
ScDeMrJu	Seagram Co. C$1	14⅜	20.5	86.4c	—	3.5
F.MyAuN.	Tor. Dom. Bk. $1	11⅜	24.6	76c	—	3.9
J.Ap.Jy.O.	Trans. Can. Pipe 33½c	10⅜	24.6	95c	—	5.4

S.E. List Premium 27½% (based on $1.8717 per £)

BANKS AND HIRE PURCHASE

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Jan.	July	ANZ $A1	270	23.5	tQ18c	—	4.1	—
Apr.	July	Alexanders D. £1	270	11.7	g14.33	—	8.0	—
May	Aug.	Algemene Fl.100	£95½	2.5	Q22%	2.5	3.8	6.8
Oct.	Apr.	Allen Harvey £1	520	14.3	‡t30.2	—	9.1	—
Dec.	June	Allied Irish	148	23.5	Q9.23	—	6.2	—
Jan.	July	Arbuthnot L. £1	155	27.6	9.25	—	9.0	—
[illegible]								

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

TRUSTS—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

[illegible]

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ↔ Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ÷ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1976. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 2.

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

[illegible]

OPTIONS
3-month Call rates

Industrials					
A. Brew	6½	House of Fraser	12	Tube Invest.	38
A.P. Cement	18	I.C.I.	23	Unilever	40
B.S.R.	12	"Imps"	7	Utd. Drapery	7½
Babcock	10	I.C.L.	20	Vickers	15
Barclays Bank	25	Inveresk	7	Woolworths	6
Berry Wiggins	5	Ladbroke	11	**Property**	
Beecham	38	Legal & Gen.	12	Brit. Land	5
Boots Drug	15	Lex Service	6	Cap. Counties	3½
Bowaters	16	Lloyds Bank	22	E.P.	5
B.A.T.	21	"Lofs"	5	Intreuropean	5
British Oxygen	6	London Brick	5	Land Secs.	18
Brown (J.)	20	Lonrho	8	MEPC	10
Burton 'A'	6	Lucas Inds.	25	Peachey	6
Cadburys	5	Lyons (J.)	9	Samuel Props.	10
Courtaulds	10	"Mams"	7	Town & City	2
Debenhams	8	Mrks. & Spncr	10	**Oils**	
Distillers	13	Midland Bank	25	Brit. Petroleum	60
Dunlop	8½	Nat West Bank	22	Burmah Oil	8
Eagle Star	11	Do. Warrants	8	Shell	28
E.M.I.	18	P & O Dfd	13	Ultramar	15
Gen Accident	17	Plessey	7	**Mines**	
Gen. Electric	16	R.H.M.	5	Charter Cons.	12
Glaxo	40	Rank Org. 'A'	18	Charterhall Fin.	3½
Grand Met.	7	Reed Intl.	18	Cons. Gold	12
G.U.S. 'A'	13	Reyrolle	20	Rio T. Zinc	16
Guardian	18	Spillers	4		
G.K.N.	25	Tesco	4		
Hawker Sidd.	60	Thorn 'A'	22		
		Trust Houses	13		

FINANCIAL TIMES
Monday September 19 1977

$50bn. Arab 'weapon' pointed at West, says U.S. report

BY DAVID BELL — WASHINGTON, Sept. 18.

AN INTERNATIONAL debt crisis is coming to a head, says a U.S. Senate report issued this week-end. The report asserts that the Arabs have built up a $50bn. "weapon" in the form of short-term investments in the West which can be withdrawn at short notice in the event of a new confrontation in the Middle East.

The report, by the Senate sub-committee on foreign economic policy, says that Arab members of the Organisation of Petroleum Exporting Countries now have about $50bn. invested in short-term bank deposits or "semi-cash" assets such as Treasury Bills. About half is invested in the United States.

Oil prices

Senator Franch Church, chairman of the sub-committee, yesterday supported the report's contention that a combination of this "weapon" and a new Arab oil embargo might precipitate a serious financial crisis should they both be applied simultaneously coinciding with a new confrontation in the Middle East.

Senator Church, in a foreword to the report yesterday said that the West had so far failed to challenge the oil cartel's grip on world oil prices.

"There is no end in sight to this cycle of a few permanent financial surplus oil producer countries and burgeoning international indebtedness by weaker oil importing countries."

Publication of the report was timed to coincide both with the *annual meetings of the World Bank* and the International Monetary Fund later this month and with a new round of sub-committee hearings on the subject.

Staff members agreed yesterday that no Arab States had threatened to withdraw their investments in the West, but they asserted that the funds could be moved quickly and noted that in 1973 Saudi Arabia's close relationship with the West did not prevent it from using the "oil weapon."

New credit

Administration officials have discounted the idea that the Arabs might use their investments in this way in any new crisis. They have also taken a very much less pessimistic view of the total debt of the developing countries.

The *International Monetary* Fund, was also comparatively relaxed about the problem in its annual report, published this month.

However, the sub-committee says it is next to impossible to discover the true extent of bank indebtedness and that published figures, such as they are, probably understate the extent of the problem.

Among other countries, Zaire, Peru, Turkey, Mexico and Portugal pose serious potential problems for American banks and some of the largest debtors—including Zaire—had used their old loans as hostage for new ones, refusing to pay back any more of them until banks agreed to new credit arrangements.

On balance, the intervention of the International Monetary Fund, whether through the new Witteveen facility for developing nations or through tougher standards for loans to its members, might provide some help.

But "No comprehensive system for regulating international lending or the Euromarket has yet been devised," the report says.

EEC sends pork and beef surplus to cold storage in Austria

BY CHRISTOPHER PARKES

THE COMMON MARKET Commission is making efforts to deal with Europe's growing surpluses of pork and beef with 7,500 tonnes of beef shipped to refrigerated stores in Austria and Switzerland, because of a shortage of space in West Germany.

Meat 'mountain'

The cold stores will be sealed by German officials representing the Community's support buying agencies and, during the meat's stay there will be subject to the same checks as the warehouses holding the rest of Europe's *meat "mountain"* of over 400,000 tonnes.

EEC officials claim that there is space for the meat inside the Community. But since the stores across the West German border are closer to the present surpluses, it makes sense to hold the meat there rather than cart it halfway across Europe into France.

Germany has the largest tonnage of unwanted beef on its hands. But relative to its size, Ireland has by far the most embarrassing problem.

Even though there are strict rules governing the amount of beef the Dublin Government *allows to be taken off the market,* surpluses now total more than 60,000 tonnes—almost enough to keep Ireland supplied for a year.

Cold store capacity is chock-a-block and excesses are *being* transported for storage in Britain, France, Holland and Belgium.

In Britain, where beef prices are maintained well below the levels in the rest of the Community, the surplus is only marginal at around 10,000 tonnes.

In the rest of Europe, EEC support buying price is so high that it offers butchers a profitable and trouble-free alternative to selling in the maket.

So much pork

In Britain, however, successive ministers of agriculture have built up and maintained a market support system which is attractive only in the last resort. The farmer's best outlet remains the retail shop.

The Community is well-used to handling meat surpluses, but it was taken by surprise this summer, mainly by a surge in slaughterings of unprofitable pigs. There was so much pork on the market earlier this year that prices threatened to collapse.

Brussels responded by paying abattoir owners to keep the meat in their freezers until the worst of the glut had passed.

This, added to unexpectedly high stocks of beef going into intervention, quickly filled the space available.

Cold store owners, realising that they have a highly valuable commodity to sell, are now demanding inflated rentals for all Common Market surpluses they are asked to keep on ice.

Shoppers are buying dearer foods Page 6

Mortgage rate may be cut to 9½%

BY MICHAEL BLANDEN

FURTHER REDUCTIONS in the cost of borrowing are expected this week, with the building societies almost certain on Friday to decide on a cut in the mortgage rate.

A cut would be the third this year, and the rate could be brought down by up to 1 per cent. from the present 10½ per cent.

The pressure on the societies to reduce rates was increased further last Friday with a further cut in the Bank of England's minimum lending rate by ½ per cent. to 6 per cent.

On Wednesday, building society leaders are scheduled to hold their regular monthly meeting with officials from the Treasury and the Department of the Environment. There is no doubt that the Government's expectations of lower interest rates for home buyers will be passed on.

On Friday, the Council of the Building Societies Association will convene to recommend any rate changes and these would take effect next month or at the beginning of November.

Enough room

Most societies believe that there is enough room for a *reduction in their rates* because of steadily falling interest rates elsewhere, and that such a move would still leave them in a position to attract sufficient funds to meet the present heavy demand for loans.

This year, the movement is expected to lend nearly £7bn. against £6bn. in 1976.

Last week's fall in MLR has again faced the big banks with a decision over whether to cut their lending rates.

Base rates at the clearing banks were brought down last Monday by 1 per cent. to 7 per cent. This move, however, did no more than bring the banks more into line with the general level of market rates after the downward trend of the previous week.

The continuing drop in rates last week has left the banks again out of line with the rest of *the short-term money market.* Already they have seen signs of borrowers moving to other cheaper sources, such as the American banks in London.

Against this, the rate which the banks offer on seven-day branch deposits has already been cut to 3 per cent., still *well below those offered by* building societies, even if they reduce their rates at the end of this week.

The banks are reluctant to accept a narrowing of their profit margins, which would result, if they reduced lending and not deposit rates, at a time *when demand for bank credit* remains depressed.

They may hesitate, therefore, about their decisions, waiting to see how trends in the market settle down during the next day or two.

Weather

U.K. TO-DAY

DRY and sunny. Chance of showers near coast.

London, Cent. S., S.W., N.W., Cent. N. England, Midlands, Channel Is., Wales, Lakes, I. of Man, S.W. Scotland, N. Ireland
Dry, *sunny* spells. Max. 15-17C

S.E. England, E. Anglia
Sunny intervals, scattered showers near coasts. Max. 16C

N.E. England, Borders, Edinburgh, Dundee areas
Dry, cloudy. Max. 15C (59F).

Highlands, Argyll, N.W. Scotland
Dry, sunny. Max. 15C (59F).

Aberdeen, Moray Firth, N.E. Scotland
Dry, suny intervals. Max. 14C

Orkney and Shetland
Dry, cloudy. Max. 12C (54F).

Outlook: Little change.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Alexandria	F	30	86	Luxembrg.	F	11	52
Amstrdm.	S	14	57	Madrid	C	17	63
Athens	S	26	79	Manchstr.	S	14	57
Bahrain	S	34	93	Melbourne	C	12	54
Barcelona	F	25	77	Milan	C	15	59
Beirut	S	27	81	Montreal	C	19	66
Belfast	S	14	57	Moscow	C	10	50
Belgrade	R	9	48	Munich	R	8	46
Berlin	F	12	54	Newcastle	S	12	54
Birmghm.	C	11	52	New York	C	24	75
Bristol	C	14	57	Oslo	F	15	59
Brussels	S	14	57	Paris	F	14	57
Budapest	C	10	50	Perth	F	20	68
B. Aires	S	19	66	Prague	F	12	54
Cairo	S	31	88	Reykjavik	C	10	50
Cardiff	F	14	57	Rio de J'o	S	30	86
Cologne	F	13	55	Rome	C	23	73
Copnhagn.	F	15	59	Singapore	S	30	86
Dublin	C	13	55	Stockhlm.	C	11	52
Edinbrgh.	S	13	55	Strasbrg.	F	13	55
Frankfurt	F	12	54	Sydney	F	19	66
Geneva	F	12	54	Tehran	S	32	90
Glasgow	S	13	55	Tel Aviv	S	28	82
Helsinki	F	12	54	Tokyo	C	25	77
H. Kong	S	31	88	Toronto	C	19	66
Jo'burg	C	20	68	Vienna	C	10	50
Lisbon	F	21	70	Warsaw	F	12	54
London	C	13	55	Zurich	C	8	46

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	F	24	75	Jersey	F	15	59
Algiers	C	28	82	Las Plms.	F	22	72
Biarritz	S	17	63	Locarno	F	16	61
Blackpool	S	15	59	Luxor	S	36	97
Bordeaux	S	16	61	Majorca	F	22	72
Boulogne	R	13	55	Malaga	F	27	81
Casablnca.	R	21	70	Malta	S	29	84
Cape Town	C	17	63	Nairobi	C	20	68
Corfu	Th	22	72	Nice	F	19	66
Dubrovnik	F	21	70	Oporto	C	19	66
Faro	F	21	70	Rhodes	S	24	75
Florence	S	23	73	Salzburg	F	12	54
Funchal	F	22	72	Tangier	C	21	70
Gibraltar	F	22	72	Tenerife	S	24	75
Guernsey	F	15	59	Tunis	S	28	82
Innsbruck	F	13	55	Valencia	F	23	73
Inverness	C	13	55	Venice	C	18	64
I. of Man	S	14	57				
Istanbul	S	25	77				

F—Fine. S—Sunny. C—Cloudy. R—Rain. Th—Thunderstorms.

THE LEX COLUMN

Corporate bonds still in limbo

British companies have tapped the Eurobond market for well over $1bn. of fixed rate medium-to-long term finance over the last year, but now that U.K. short-term interest rates have dipped below Eurodollar rates, the question is how long will it be before the U.K. debenture and loan stock market springs back to life? The Bank of England is hinting in its latest Quarterly Bulletin that it might soon happen.

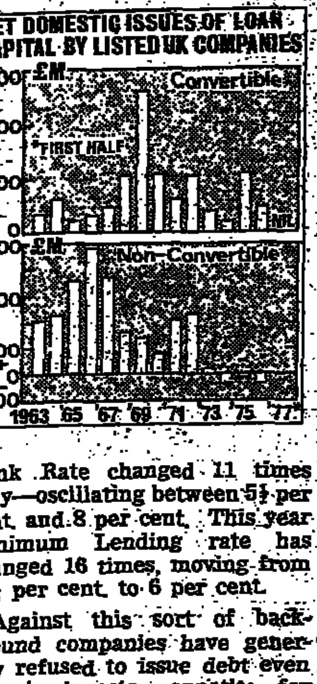
The reappearance of an active corporate bond market would be a far more encouraging sign of the U.K. economy's long-term health than the recent frenzied surge in share prices. One has only to look across the Atlantic where U.S. companies last year raised $26bn. of public bond finance and $15bn. through private placements against $11bn. of equity issues, to see how badly out of line recent U.K. experience has been.

Unfortunate

The demise of the U.K. primary corporate bond market has been one of the more unfortunate episodes in the City's recent history. During the 1960's U.K. companies came to rely heavily on this market — around 1,000 debentures and loan stocks are still quoted. Between 1965 and 1970, for example, £2.2bn. of loan capital was raised—more than twice the amount of equity issues. During this period the pension funds earmarked more than a fifth, and the life insurance companies over a quarter, of their respective cash flows for the corporate bond market.

But for the last four years it has been dead to the world and companies have had to fall back on bank borrowing. Ten years ago bank advances accounted for just over a third of corporate borrowings; last year the proportion had risen to 73 per cent. and the pension funds and the life insurance companies were net sellers of fixed rate company paper. In fact the latter put over 70 per cent. of their 1977 cash flow into gilts.

The reasons for the decline of the corporate bond market are well known. Uncertainties about profitability and the inflation rate have made companies reluctant to incur high coupon fixed rate long-term debt. Added to which interest rates are far more volatile than they were. Between 1965 and 1970



Bank Rate changed 11 times only—oscillating between 5½ per cent. and 8 per cent. This year Minimum Lending rate has changed 16 times, moving from 14¼ per cent. to 6 per cent.

Against this sort of background companies have generally refused to issue debt even though investor appetite for their paper remains strong as can be seen by the fact that a blue chip debenture such as APCM 10½ per cent. 1994/99 yields slightly less than the comparable gilt.

Since last October, the redemption yield on the FT's 20-year Debenture and Loan Stock Index has fallen from 16.9 per cent. to 13.1 per cent. but it will probably have to fall by another 2½ percentage points before companies start seriously thinking of issuing loan stock again. Back in 1970 when long-dated gilt-edged stock were yielding under 10 per cent. many thought ICI to be crazy when it issued a long-term unsecured loan stock on a 10¼ per cent. coupon, although that turned out to be cheap money. To-day, despite the fact that short-term interest rates are 1¾ per cent. lower than they were then, any company wishing to issue debt capital would probably have to pay something like 14 per cent.

So long term interest rates may have to fall by several more points before the primary market in straight corporate bonds flickers back to life. The revival may be delayed even after rates drop into the critical area—say, 10 to 11 per cent.—because in such conditions of falling borrowing costs corporate treasurers will be encouraged to hold out for still cheaper rates.

What could happen rather sooner is the reappearance of

Convertible bond... although this would ... some further narrowing ... yield gap between ... long bonds—while ... floating rate notes ... those of GEC ... ruled out.

Discount houses

It is a curious fact ... discount house sector ... one of the laggards ... 1977, a year in which ... rates have fallen to ... cedented extent. ... however, the sector ... last began to perform ... dictably, rising by 7.2 ... during a five-day spell ... the All-Share Index ... put on a net 1.1 per ... market was, no doubt, ... of the gains being made ... discount market in ... their holdings of gilts ... a year to maturity ... in August to over £400m ... dipping to not much ... £200m. in April.

The financial performance ... the discount houses ... course, largely obscured ... traditional mumbo-jumbo ... undoubtedly the sector ... the past few years ... very substantial. At ... in 1973 the capital ... market was probably ... than £60m. or so. By ... last year it may ... standing at double ... In 1977 profits have ... large, and the capital ... easily have risen to ... like £175m.

For much of the ... stock market appears ... been nervous that some ... *setback would wipe* ... of the gains, perhaps ... so because the increas... backing would encou... *houses to take up more* ... positions. Those ... naturally lessened sin... but there remains some ... *that many discount ho...* now accumulating mor... than can be usefully ... in the business. To su... *kind of total book wh...* been running up ... £3.5bn.—the discount ... does not need a capita... *much more than £120...* privileged niche wit... financial system car... readily extended, and ... large the discount hou... the management reso... expand into entirely ne... It will be interesting ... developments.

Liberals may face new row on Thorpe

By Richard Evans, Lobby Editor

TO THE consternation of Liberal MPs, *the issue of Mr. Jeremy* Thorpe's resignation from the leadership threatens to be re-opened by Mr. Cyril Smith, MP for Rochdale, a week before the party's annual Assembly opens in Brighton.

Mr. Smith discloses, in his autobiography published to-day, details *of* a reported conversation between Mr. Thorpe and Sir Harold Wilson which indicated that the Prime Minister gave full backing to the Liberal leader in his attempts to rebut allegations made by Mr. Norman Scott.

Mr. Smith, Liberal Chief Whip *at the time, describes how* Mr. Thorpe was summoned to an informal talk with Sir Harold and commented immediately afterwards: "It's good. It will be pushed on to South Africa."

Five weeks later, Sir Harold told the Commons that he had no doubt that there was a "*strong South African* participation in recent activities relating to the Leader of the Liberal Party."

Mr. Thorpe declined to comment in detail yesterday on the claims made in the book. Big Cyril, but he attacked Mr. Smith for repeating what he had regarded as private conversations.

"During the 18 years I have been in Parliament I have always treated private conversa*tions between colleagues* as confidential, especially those between the Whip and the Leader, he declared.

Embarrassed

Rather than depart from this practice, he preferred to retain the trust of his colleagues that a private conversation with *them* would continue to remain so.

Most Liberal MPs, including Mr. David Steel, who succeeded Mr. Thorpe as Leader, are deeply embarrassed by Mr. Smith's determined attempt to rake over an issue that reflected little credit on the party.

Mr. Smith has argued that the book was written to help those, including Mr. Thorpe, against whom the Press had unleashed a vicious campaign.

In the book, the "vultures" of Fleet Street are blamed for Mr. Thorpe's downfall. "The Press and broadcasters launched, sustained, and eventually *brought* to grisly fruition the campaign that destroyed Jeremy Thorpe's career. If an assassin's knife was ever wielded, it flashed in Fleet Street, not Westminster," Mr. Smith writes.

A Conservative back-bencher, Mr. Michael Latham, MP for Melton, said yesterday that he intended to question Mr. James Callaghan about the "South African connection" immediately Parliament returned.

Spar, Mace and VG grocers may join Retail Consortium

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE THREE biggest chains of *wholesaler-run voluntary grocery* groups are believed to be considering joining the Retail Consortium.

This would complete the consortium's coverage of the retail trade and mean that it could claim to represent the whole spectrum of retailing in its talks *with Government.*

The move comes as several big retailers such as J. Sainsbury and F. W. Woolworth, are considering following Marks and Spencer's lead and joining the Confederation of British Industry while continuing their links with the consortium.

The three voluntary groups—Spar, Mace and VG—between them serve about 10,000 small shopkeepers, some of whom already belong to the consortium *through membership of the* National Chamber of Trade. Until recently the groups were some of the very few retail members of the CBI, which they joined in preference to the consortium in the belief that it carried more weight with government.

Now, they are believed to be considering forming a loose trade association of their own which would, in turn, be affiliated with the consortium.

The decision still has to be cleared by the Boards of the individual groups, but it is understood they would retain their membership of the CBI.

The consortium was formed in 1967 by a partnership between the Co-operative Union, the Multiple Shops Federation, the National Chamber of Trade and the Retail Distributors' Association.

It was not until 1975, however, when a new director was appointed and the consortium moved out from under the wing of the Multiple Shops Federation and the Co-op, that it began to be recognised as anything like the united voice of retailing.

The uniting force at this point was the Price Code to which the retail trade was strongly opposed. Although the CBI shared this opposition, the interests of retailers and manufacturing companies were not always the same and there were marked differences on some points of detail.

Bullock proposals

In general, however, the two organisations support each other's views, but recently some of the biggest companies belonging to the consortium through *their membership of other trade* associations have felt the need to join the CBI as well.

The issue arose because of the Bullock proposals on industrial democracy, on which the CBI launched a frontal attack, with the Retail Consortium only one of very many other voices in the background.

To deal with the more general questions like this, is was considered whether the consortium should become a trade association member of the CBI. This formal link is believed to have been opposed by the Co-op and the National Chamber of Trade, which feared that the voice of the small trader would be swamped in the CBI.

The proposal was rejected but it was left open to individual companies to join the confederation on the understanding that they would continue to regard the consortium as their main representative on issues effecting retailing.

Meanwhile, the idea of the voluntary groups joining the consortium had been revived. The groups, which are all dominated by large wholesale companies, are now an important force in retailing and the action, in the past of one of the leaders of these groups in taking it upon himself to offer his own advice to the Government on behalf of small retailers had sometimes annoyed the consortium.

In the last few weeks, however, the groups are believed to have re-considered the position.

The move would probably be welcomed by the CBI as a demonstration that there was no rift between the two organisations.

Reports that big retailers were contemplating joining the CBI has led to speculation that the consortium, which is hampered on some issues by having to represent the interests of both very *small and very large traders,* was losing the confidence of some of the biggest retailers.

The retailers like J. Sainsbury, have been at pains to deny this, but even so, if the voluntary groups do join the consortium, it would provide a nice *quid pro quo* for Marks and Spencer's new membership of the CBI.

World talks open on sharing resources of Antarctica

BY IAN DAVIDSON

THE NEGOTIATIONS of rules governing the commercial exploitation of Antarctica will be at the top of the agenda of a three-week conference which opens to-day in London.

The conference — the Ninth Antarctic Treaty Consultative Meeting—will be opened by Mr. Ted Rowlands, Minister of State at the Foreign Office.

It will be attended by the 12 signatories to the 1959 Antarctic Treaty (Britain, France Belgium, Norway; Australia, New Zealand; South Africa; Argentine, Chile; Japan; the Soviet Union; and the U.S.), plus Poland; the new Consultative Party to the Treaty.

Interest in the potential economic resources of the Antarctic has grown enormously in recent years because of two main reasons:

First, the fishing nations have started to investigate the possibility of harvesting krill — of which the potential annual catch has been estimated at between 50m. and 100m. tons, equivalent to the total existing world catch of fish and shell-fish.

Secondly, the developing world is beginning to look to the Antarctic as a possible source of food and wealth.

The region may also contain *oil, gas and minerals, but little* is known of the extent of such resources, and working conditions make it implausible that they could be exploited in the near future.

The 1959 treaty was designed to preserve the Antarctic for peaceful scientific work, but it contains no rules for commercial exploitation.

If the signatory States are to face up to the growing pressure of outside interests, they need to devise conservation rules, whose most immediate application would cover krill fishing, *but which would also deal with* hydrocarbon and mineral exploration.

There are two main difficulties facing this week's conference. One is that further research is needed to establish what may be the resources of the Antarctic, and how the environment could be affected by exploration and exploitation.

Moreover, seven of the Treaty signatories (including Britain) have made territorial claims on part of the continent, and want any conservation scheme to be based on territorial sovereignty, while non-claimant States, such as the U.S. and the Soviet Union, want conservation to be controlled jointly by all the treaty powers.

But the chief incentive for agreement between the member States is that any alternative, such as world-wide agreement under the United Nations, would be less easy to control and less likely to serve the interests of *the signatories.*

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London EC4.